



**EMPLOYMENT RELATIONS
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Age matters: a review of
existing survey evidence

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Foreword

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Grant Fitzner
Director, Employment Market Analysis and Research

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Glossary of abbreviations and key terms

Economic Activity Rate: The number of people who are either in employment or ILO unemployed, expressed as a percentage of the relevant (usually working age) population.

Economically active: Individuals who are either employees, self-employed, on government employment and training programmes, unpaid family workers or unemployed (according to the ILO definition).

Economically inactive: Those who are neither in employment nor ILO unemployed. This group includes those who want a job, but do not seek work; those who want a job and are seeking work, but are not available to start; and those who simply do not want a job.

Household Reference Person: Surveys carried out by the Office for National Statistics (ONS) have switched from identifying the Head of Household (HOH) to the Household Reference Person (HRP). The HOH was defined to be the male in the case where individuals live as a couple, or when more than one person has equal claim to be the HOH and they are of opposite sex. In contrast, factors such as accommodation ownership, income and age are taken into account when identifying the HRP.

ILO Unemployment: The measure of unemployment used by the International Labour Office (ILO) includes people who do not have a job, but are available to start work and are actively seeking employment (they may also be waiting to start a job previously obtained).

ILO Unemployment Rate: The number of ILO unemployed individuals expressed as a percentage of the relevant economically active population.

Job Release Scheme: Introduced in 1977, this scheme was originally intended to be a temporary measure to alleviate unemployment amongst younger workers. A flat-rate state benefit was paid to men and women who retired one year prior to the state pension age, if their employer replaced them with a previously unemployed young person. By 1984-85 approximately 88,000 men, more than 10 per cent of non-working men in the 60-64 age group, were receiving benefits from this scheme.

Older individuals: Various sections of the report refer to older individuals. Where this is the case, it is assumed that older means aged 50 or more.

BHPS: British Household Panel Survey.

BSAS: British Social Attitudes Survey.

DfES: Department for Education and Skills.

DWP: Department for Work and Pensions.

EPPS: Employers' Pension Provision Survey.

GPP: Group Personal Pensions are similar to personal pension plans and are set up by employers for groups of employees, though it is not necessarily the case that the employer makes contributions.

LFS: Labour Force Survey.

QLFS: Quarterly Labour Force Survey.

SPA: State Pension Age is presently 65 for men and 60 for women.

WERS98: 1998 Workplace Employee Relations Survey.

Work-rich households: Households where all adults are working.

Workless or Work-poor households: Households where no adult is working.

Executive summary

Evidence suggests that those aged between 50 and State Pension Age (SPA) may be viewed less favourably by firms when recruiting, retaining and training staff. The introduction of age legislation will tackle any such practices that are seen to be discriminatory. However, it is also the case that older individuals exhibit a range of adverse labour market characteristics, when compared to their younger counterparts. Thus, the predominance of many older individuals amongst the long-term sick and disabled, their lower rates of educational attainment and possible skill obsolescence combine to make them particularly poorly placed in the jobs market. It is not clear that age legislation alone will improve the situation of these individuals.

The main objectives of the present study are: firstly, to identify currently available datasets which provide appropriate information on the age dimension of various labour market indicators, from both the employer and employee perspectives; secondly, to carry out basic secondary analysis of the chosen datasets, providing a descriptive account of the labour market profiles of different age groups.

The analysis of the labour market situation of people from different age groups considers occupation, industry sector, ownership of business, size and age of firm, as well as a range of other factors. Describing the labour market profiles of individuals of different ages provides baseline information to assess the impact of the forthcoming age legislation.

Whilst this report aims to investigate the situation of individuals of all ages, debate over the existence of age discrimination has focused predominantly on the situation of those aged between 50 and retirement age.

There are two main reasons for this focus. Firstly, there has been a steady decline in the proportion of economically active, older individuals since the 1950s. Whilst Labour Force Survey data seem to imply that the phenomenon of falling participation at the end of working life is limited to males, older women have suffered a relative decline in economic activity, as they have not seen their employment rates rise in line with those of their younger counterparts.

Secondly, demographers predict an increase in the proportion of older individuals in the UK population over coming decades. The implication is that increasing numbers of older (inactive) individuals will lead to a significant increase in the dependency ratio and therefore previous policy responses have often focused on the fiscal consequences of such changes.

Inactivity

There is a general consensus that the large amount of restructuring that many economies have undergone since the mid-1970s has had a disproportionate effect on the labour market situation of older individuals. Whilst one may expect a steady fall in economic activity rates if older workers increasingly choose early retirement (as a result of rising real incomes), between 1975 and 1985 the rate of decline in activity rates accelerated dramatically, especially for males aged 60-64.

There is more debate over the exact nature of this effect. However, many commentators have argued that two factors have contributed significantly to the lower employment rates of older individuals. Firstly, they have traditionally been more concentrated in sectors that have experienced decline over the last two decades. Secondly, considering the methods used to effect labour force reductions, which have been necessary in such declining sectors, they may have been more likely to be targeted through the use of voluntary redundancy and early retirement, when compared to younger workers.

Whilst the decline in older individuals' activity rates may have slowed in recent years, it is still the case that nearly one-third of males and females aged between 50 and SPA (State Pension Age) do not work for various reasons. It is clear that sickness and disability are important in determining continued detachment from the labour market. Thus, nearly three-quarters of a million men aged between 50 and 64 report that they are inactive due to long-term sickness or disability, though some do express a desire to work.

In contrast, changing rates of inactivity for those aged between 18 and 24 during the 1990s are a result of increasing enrolment in post-compulsory education. Removing the proportion of those aged 18 to 24 who are registered as students from the analysis, the inactivity rate for this age group remains roughly constant at between 13 and 14 per cent throughout the 1990s.

Whilst sickness and disability would seem to be important in explaining continued inactivity amongst older individuals, there is also some indication that qualifications and skills also play a role.

When one considers a range of indicators for the inactive aged between 50 and SPA, we find evidence of 'two nations in early retirement'. Thus, economic inactivity (amongst those aged between 50 and SPA) is particularly pronounced for men in the manual occupations that have left the labour market due to a lack of demand for their skills, but also for those in higher occupations who have chosen economic inactivity from a situation of relative financial stability.

Patterns of sectoral decline are reflected in the previous industry sectors of those who are now registered as inactive or unemployed, with high proportions of individuals who were previously employed in the *primary and utilities, manufacturing, construction and public* sectors seen amongst older age groups.

Employment

Analysis of broad industry sector from the Spring 2002 Labour Force Survey suggests that this has led to a situation where younger and older workers are more evenly spread

across sectors, though the predominance of younger workers in the financial intermediation sector may be cause for concern. In contrast, analysis of the 1998 Workplace Employee Relations Survey suggests that older workers tend still to be concentrated in firms that operate in mature or declining markets.

Part-time and temporary working are more common amongst older and younger individuals and also levels of satisfaction with these arrangements are higher, whilst older workers are more likely than other age groups to be self-employed.

Large firms and those in the public sector are more likely to have equal opportunities policies, which include an age dimension. However, apart from a tendency for those in the youngest age group to be employed in the smallest organisations, there seems to be few differences in terms of firm size. There are clearer differences by sector, with the public sector employing a greater proportion of older workers. Those aged 50 or more are, however, less likely to work in the public sector, partly reflecting the wider use of early retirement in the sector. In addition, the data shows that unionisation is still associated with older workers.

Views on discrimination

Much of the debate on age discrimination has focused on older workers, with specific reference to the views that managers hold on this group of society. Data from the 1998 Workplace Employee Relations Survey show that nearly one-quarter of managers consider age in the recruitment process.

However, it is not clear how this is considered, because evidence suggests that managers may perceive older workers as more reliable, more experienced in the workplace and having higher levels of loyalty, when compared to younger employees.

Thus, it is unclear whether one would expect to find some relation between the extent to which age is considered in the applications process and the predominance of certain age groups within these workplaces. However, research suggests that consideration of age in the recruitment process is more closely associated with workplaces that have a younger age distribution.

Results from the British Social Attitudes Survey, together with the literature outlining the perceptions of younger individuals who feel that they also face discrimination, would seem to support the view that there is both a widespread perception that age discrimination exists and, importantly, that this is not a desirable situation.

Data from the 1998 Workplace Employee Relations Survey suggest that only five per cent of firms have mechanisms that specifically encourage applications from older individuals – just over two-thirds confirm that they have a formal written policy on equal opportunities, and of these 41 per cent tackle questions of age in this document.

Pensions

According to the Employers' Pension Provision Survey, 72 per cent of employees in private sector firms have some form of employer provided pension provision.

There has been a move away from occupational, defined benefit pension schemes and increasing provision of personal (or Group Personal Pension) schemes. Considering such moves within the context of older workers, it may signal an improvement in their employment probabilities as a greater number of firms become less concerned with the non-wage costs of employing older recruits (which could be quite substantial if they operate final salary schemes). In addition, moves away from occupational schemes may increase labour mobility in the jobs market.

However, as the past few years have shown, there is a risk associated with the provision of defined contribution schemes and whilst firms have traditionally born most of this risk, increasingly the risk is born by individuals, many of whom have seen the value of their pension funds deteriorate.

Research into expectations of retirement suggests that one-half of respondents tend to retire when expected. However, this still leaves a large proportion of individuals who do not retire as expected (the vast majority of whom retire before their expected retirement age) or who report that they do not know when they will retire.

Occupational pension provision is closely linked to standard of living in later life. This underlines the dilemma for policy makers in this area of the study. If one encourages pension provision, then there is evidence to suggest that early retirement is more likely amongst those with occupational pensions. However, if occupational pension coverage falls (or defined contribution occupational plans become even more extensive) then the risk is shifted to individuals and one may expect an increase in the number of pensioners requiring state support.

The issue of mandatory retirement ages is often considered in a way that sets the interests of those from younger age groups against those of older individuals. Thus, the issue is often considered within the context of labour turnover, with almost one-third of most age groups considering that mandatory retirement ages are essential to force older workers to 'make way' for those of a younger generation. This reasoning would seem to reflect misunderstanding over the workings of the labour market.

Education and training

The Government recognises that, 'tackling issues of age discrimination presents a range of complex issues that are new to policy makers'. It could be argued that nowhere is this statement more pertinent than when one considers the aspects of education, training and the returns to on-the-job experience.

Typically one would expect (all other things remaining equal) older individuals to have more years of experience and younger individuals to have a greater number of (relevant and up-to date) qualifications. Traditionally, therefore, job advertisements have specified a certain number of years of experience or relevant qualifications, or a combination of both – with younger or older workers opting to apply for posts which best match their education and labour market profiles.

However, it is possible that changes to the working environment may have reduced the value employers have placed on older workers' experience. If, as seems likely, the restructuring of previous decades has led to a significant increase in the range of new

skills required by employers, it cannot be assumed that experience will be rewarded in a similar way for older and younger individuals.

Training and education would seem to be essential to the prospects of both older and younger workers. However, older workers are less likely to hold formal qualifications and also less likely to be studying towards a qualification whilst at work or to be undergoing or offered job-related education and training. This may be explained by the lesser incentive for investment in human capital for individuals and firms and *Age Matters* seems to recognise this. However, changes to the rules regarding the use of mandatory retirement dates might reduce the strength of this argument.

About this project

This research was carried out as part of the Department of Trade and Industry's employment relations research programme. It was undertaken by Dr. Peter Urwin of the University of Westminster and Quant Research Ltd.

1

Introduction

In partnership with other states of the European Union, the UK government has recently established a common framework to tackle unfair discrimination. As part of the government's commitment to this framework, which includes the Employment Directive (2000), new legislation will be introduced to outlaw discrimination on the grounds of sexual orientation, religion and age, in employment, training and education. Thus, policy officials aim to introduce legislation that is consistent across all strands of discrimination, as far as is possible on issues that cut across boundaries of age, religion and sexual orientation. However, it is recognised that tackling issues of age present a range of complex issues that are new to policy makers. As a result, legislation on age will come into force at a later date than the other strands, allowing for a longer period of consultation.

With the release of the DTI's consultation document, *Equality and Diversity: Age Matters* in July 2003, the government has sought views on proposals for the implementation of age legislation. The *Age Matters* consultation document asks for opinions on a range of issues, including, retirement age, recruitment, selection and promotion, pay and non-pay benefits, unfair dismissal, employment-related insurance and statutory redundancy payments. The results of this consultation exercise, together with the analysis contained in the present report and others commissioned by the DTI¹, will help inform the development of legislation.

The aim here is to set out an analysis that provides a baseline for future comparison, following the introduction of age legislation. The report utilises various datasets to identify an age dimension across a variety of labour market indicators. Chapter 2 begins with an analysis from the perspective of the individual, or household. Chapter 3 then carries out a similar analysis of various indicators that provide information on the employer, or firm, perspective. In these sections of the report, the Spring 2002 Quarterly Labour Force Survey (QLFS) and 1998 Workplace Employee Relations Survey (WERS98) form the core analysis from the individual and employer perspectives, respectively.

Where it is felt that a particular issue or labour market indicator is not given sufficient coverage in these surveys, additional datasets are used to fill the 'gaps' in our knowledge. In recognition of the need for this study to form a baseline for future comparison, where possible, large, publicly available survey datasets are used, as this increases the likelihood that elements of the present study can be replicated in the future. The basic approach is 'descriptive' in nature and such description mainly takes the form of discussion and comment around a range of cross-tabulations extracted from the

¹ Anderson, Millward and Forth (2002); Meadows (2003).

datasets. At the end of each section of the report a summary of the main findings is made and bulleted points provide information on the *Key findings for baseline tracking*.

Chapter 4 draws the results of the analysis together, to provide a summary of the main themes arising from our findings, with reference to the points raised in *Age Matters*. Finally, Appendix 1 sets out the details of a number of additional existing and forthcoming surveys that are not analysed in this report, but may prove useful as a resource for future investigation. Readers should note that this report does not set out to investigate the existence of age discrimination in different areas of the labour market, and any differences in the profiles of older and younger individuals should not be taken as evidence of such.

2

The individual or household perspective

This chapter sets out the analysis of datasets that provide a baseline of the age dimension of various labour market indicators from the individual or household perspective. Given the focus on employment and training, it would seem reasonable that this section pay particular attention to those of working age. However, we may expect the introduction of age legislation to impact upon the average age at which individuals retire, if it places constraints on the extent to which firms may 'encourage' an individual to retire at a specific age². When this is considered alongside the proposals contained in the Inland Revenue's (IR) recent consultation process (2002), *Simplifying the Taxation of Pensions: Increasing Choice and Flexibility for All*, one may expect some increase in the 860,000 individuals who are at present working beyond state pension age (see Table 2.1). As a result, where appropriate, the analysis also provides information on those men and women who work beyond State Pension Age (SPA).

As regards an upper limit for this group of individuals, this has been set at 75, as 99 per cent of men and women over this age record themselves as inactive, with no desire to work, as they are retired (again, see Table 2.1). Furthermore, whilst official SPAs will be harmonised by 2020, the following analysis of LFS data retains the usual differential age groupings to reflect the fact that, at present, men and women become eligible for state pensions at different ages. Partly, this is a consideration of the data with, for instance, questions on training incidence in the QLFS only asked of women aged 16 to 59 and men aged 16 to 64. However, it is also the case that one continues to observe a 'spike' in the number of retirements around the age of 60 for women and 65 for men (Disney and Tanner, 1999). Furthermore, analysis of the expectations of men and women suggests that they consider themselves to be 'eligible' for retirement at these different ages and one may therefore expect this to be reflected in their labour market profiles prior to retirement.

Changing economic activity rates and population ageing

Before setting out the analysis of LFS data, Figures 2.1 and 2.2 provide some context for the discussion. It is recognised that the focus of Figure 2.1 is on individuals aged 55 or more, and this may seem somewhat anomalous in a report that aims to describe the characteristics of all age groups equally. However, whilst research has identified a recent increase in the proportion of economically inactive³ males aged between 35 and 49

² Though the *Age Matters* consultation document does ask for views on the possibility of a 'default' retirement age of 70 years old.

³ Economically inactive individuals are neither in employment nor registered as unemployed according to the definition used by the International Labour Organisation.

(Bivand, 2002), there has been little change in the economic inactivity rates of those aged between 25 and 49 during the 1990s. The changing rates of inactivity for those aged between 18 and 24 during this period are a result of increasing enrolment in post-compulsory education. Removing the proportion of those aged 18 to 24 who are registered as students from the analysis, the inactivity rate for this age group remains roughly constant at between 13 and 14 per cent throughout the 1990s (*Department for Work and Pensions and HM Treasury, 2001*).

Furthermore, as the remainder of this report underlines, debate over the existence of age discrimination has predominantly focused on the decline in economic activity rates during the last three decades for those aged between 50 and retirement age – though evidence confirms that younger age groups do feel discriminated against to a similar extent (*Department for Work and Pensions, 2001*). In addition, much attention has been paid to the possible fiscal consequences of such increasing economic inactivity, given the accompanying changes in the UK's demographic profile, which implies a significant ageing of the population.

Figure 2.1 charts this decline in the proportion of economically active individuals aged 55 to 64, from 1950 onwards. At first glance the data seem to imply that the phenomenon of falling participation at the end of working life is limited to males. However, comparison between the situation of men and women is complicated, as it is hard to disentangle any fall in older women's participation from the general upward trend in the participation of women from all age groups. Despite this complication, older women have suffered a relative decline in economic activity, as they have not seen their employment rates rise in line with those of their younger counterparts (previously cited). Given this distinction between relative and absolute decline the report attempts, where possible, to analyse the situation of men and women separately.

There is an extensive literature investigating the possible reasons why the UK, together with many other countries of the OECD, have witnessed such a dramatic decline in older individuals' economic activity rates (Disney, 1999; Taylor and Urwin, 1999; Blundell, Meghir and Smith, 2002). There would seem to be a general consensus that the large amount of restructuring that many economies have undergone since the mid-1970s – as a result of increased international competition, technological change and deregulation – has had a disproportionate effect on the labour market situation of older individuals (issues discussed in more detail later in this report). Whilst one may expect a steady fall in economic activity rates if older workers increasingly choose early retirement – perhaps as a result of

rising real incomes – Figure 2.1 shows clearly that between 1975 and 1985 the rate of decline in activity rates accelerated dramatically, especially for males aged 60-64.

Whilst there is more debate over the exact nature of this effect, many commentators have argued that older individuals also suffered disproportionately during this period of structural adjustment because of the widespread use of voluntary redundancy and early retirement schemes (previously cited). Thus, when labour force reductions were required older workers were most likely to be attracted to the packages on offer and, having accepted some form of severance agreement, the provision of *relatively* generous incapacity benefits may have reduced the incentives to return to work in a time of depressed labour markets (for a more detailed discussion see, Nickell and Quintini, 2001). During the more cyclical downturn of the early 1990s we can see a similar fall in economic activity rates, though not to the extent observed during the previous structural upheaval, with activity rates recovering slightly in the late 1990s.

In addition to this continued fall in economic activity rates amongst older individuals, demographers predict an increase in the proportion of older individuals in the UK population over coming decades. Figure 2.2 indicates that between 2001 and 2026 the number of people aged between 50 and 65 in Britain will increase by one-fifth, with the population aged between 25 and 39 falling by 5 per cent. The implication is that increasing numbers of older (inactive) individuals will lead to a significant increase in the dependency ratio⁴ and therefore previous policy responses have often focused on the fiscal consequences of such changes.

Whilst the forthcoming legislation will give rights to people of all ages in respect of age discrimination in employment and vocational training, it would seem reasonable to assume that the situation of older individuals will be paid particular attention following the introduction of legislation. Therefore, the concluding Chapter of this report provides some discussion of the possible impact of legislation for the patterns of participation amongst older individuals in the future. Furthermore, whilst the following analyses set out the situation for individuals of all ages, the focus on older individuals in the majority of academic, political and social debates regarding age discrimination necessitates a particular emphasis on this age group.

Spring 2002 Quarterly Labour Force Survey

The Labour Force Survey (LFS) is the richest source of information across a range of UK labour market indicators. The present study draws significantly on this dataset, as it can provide information on the age dimension for a range of demographic and employment indicators. The approach of much of the report is static in nature (analysis of cross-sectional data) and therefore, where appropriate, comment is provided from additional literature. This provides context, as the situation identified in any cross-tabulations may reflect significant change over recent decades, partly in response to changes in the economic environment.

The LFS is based on replies from approximately 60,000 households (140,000 individuals) on a variety of socio-economic characteristics. The first LFS in the UK was conducted in

⁴ The ratio of productive (those in employment) to non-productive (the young, old, unemployed and economically inactive) individuals.

1973; it was carried out biennially until 1983; annually between 1984 and 1991 and quarterly from the spring of 1992. Statistics obtained from the LFS are weighted to reflect the situation in the UK as a whole. However, in order to aid comparability with the employer analysis of the 1998 Workplace Employee Relations Survey, the LFS statistics presented in this section of the report are weighted to reflect the population of England, Scotland and Wales (Great Britain rather than the UK)⁵.

Having provided some historical context for the discussion of economic activity rates, Tables 2.1, 2.2 and 2.3 set out the situation according to the Spring 2002 LFS. Whilst the decline in older individuals' activity rates may have slowed in recent years, it is still the case that nearly one-third of males and females aged between 50 and SPA do not work for various reasons⁶. Most worrying perhaps would seem to be the fact that nearly three-quarters of a million men aged between 50 and 64 report that they are inactive due to long term sickness or disability, though some do express a desire to work. Whilst the absolute numbers for women are smaller, it is still the case that 13 per cent of women aged between 50 and SPA report that they are in a similar position.

At the other end of the age range, there is evidence in Table 2.1 of increasing enrolment in post-compulsory education in recent decades, with less than two thirds of 16 to 24 year olds in employment. For those aged between 25 and 39, and 40 to 49, Table 2.1 identifies little difference in their propensity to be within each of the labour market states, with the latter group having a slightly higher proportion undertaking some form of paid employment. When considering Table 2.3 we identify lower participation rates amongst women in these age groups, as they are still more likely than men to be involved in caring for children or elderly relatives, despite a rise in their levels of participation over recent decades. However, it is still the case that women aged 50 to SPA are much less likely to be working, when compared to their peers aged between 25 and 49.

Main characteristics of those in employment

Having described the extent to which individuals from each age group are likely to be employed, unemployed or inactive, the analysis now moves on to consider the employed in more detail. As suggested previously, there is some indication that the reduction in older individuals' economic activity rates was particularly pronounced during a time of industrial restructuring. Research suggests that in the 1980s the majority of early retirements occurred in large firms in the productive and manufacturing sectors (Millward and Stevens, 1986). Furthermore, even by the end of the 1980s, the situation of older individuals could still be viewed as disadvantaged, as they remained concentrated in sectors where employment continued to fall. Thus, approximately one-half of older males were working in industries where employment fell by 12 per cent or more between 1990 and 1995 (Campbell, 1999).

Given these patterns of sectoral decline and the selective use of voluntary redundancy and early retirement, one may expect to identify differing levels of concentration of

⁵ The sampling frame used for the 1998 WERS is the Inter-Departmental Business Register, maintained by the Office for National Statistics. Though WERS98 questions often ask respondents to consider the UK operations of their firms, the sampling frame excludes local units located in Northern Ireland.

⁶ It should be noted that the percentage of unemployed individuals in this table does not represent the *unemployment rate*.

individuals from different age groups between industry sectors. Tables 2.4 and 2.5 identify a high proportion of males and females aged between 16 and 24 concentrated in the *wholesale, retail and motor* trades, reflecting the importance of temporary, seasonal and part-time working amongst those of this group who are still enrolled in full-time education. In contrast, there would seem to be some tendency for a higher proportion of older individuals to be working in the *education* sector, in direct contrast to *financial intermediation*, where relatively small numbers of workers aged 50-64 are employed.

Other than these small differences between individuals who have yet to reach SPA, males who are still working beyond SPA are much more likely than males from other age groups to be working in the *wholesale, retail and motor trade* or engaged in *real estate, renting and business* activities. In contrast, women aged 60 or over are more likely to be concentrated in those sectors where we find their younger peers – in the *health, social work* and *education* sectors and, as is the case for men past SPA, in the *wholesale, retail and motor* trades.

Table 2.4 identifies a similar sector concentration across age groups for men below SPA, in the *manufacturing, construction* and the 'primary' or 'extraction' sectors⁷. This similarity between age groups would seem to suggest that the years of decline in these areas of the economy have not led to significant concentrations of younger and older individuals in certain sectors. However, it should be noted that subsequent sections of this report identify a much higher proportion of unemployed and inactive older males who have previously worked in these sectors. As we will see, taken together Tables 2.4 and 2.20 imply that much of the decline in these sectors has had a disproportionate effect on older males.

Recent work (Disney et al., 2001; *Department for Education and Employment*, 2001a) has attempted to identify the extent to which older and younger workers are over or under-represented in certain occupations in the UK. The findings suggest significant differences between occupations by age, with some indication that older workers are concentrated within a smaller number of occupations, than is the case for other age groups. Amongst the possible reasons for this are the training requirements of a job and the effect of pension arrangements, factors that are again considered in Chapter 2 in the section, Summary and implications of LFS Baseline.

In contrast to the summary discussion in the Summary and implications of LFS Baseline in Chapter 2, which considers the dynamics of the changing age distribution amongst certain occupations, Tables 2.6 and 2.7 provide a static picture of the present situation. Apart from the falling proportions of men and women in *associate professional and technical* occupations, as we move upwards through the age range from age 25 to 75, there would seem to be few systematic differences in concentration between older and younger workers. Even amongst those working beyond SPA, the distribution across occupations is broadly in line with that seen amongst those of working age (though both men and women beyond SPA seem to have a greater tendency to be concentrated amongst all *Other*⁸ occupations).

⁷ Agriculture, hunting, forestry, fishing, mining and quarrying.

⁸ This group includes predominantly manual workers, including mine labourers, hospital porters, mail sorters, builder's mates and a range of labourers from various sectors of the economy.

These findings seem somewhat counter-intuitive, as one might expect (given the link between age, tenure and promotion opportunities) a larger proportion of older individuals to be amongst the higher managerial and professional occupations. However, when considering the previous occupation of those who are no longer in employment (Table 2.19), a relatively high proportion of older individuals were previously in these occupational groups. This suggests that, together with the findings of Disney et al. (2001) that older individuals may be less likely to be recruited into certain occupations, a number of occupations may have experienced disproportionately larger falls in older worker employment.

Moving on, consideration is now given to the distribution of older and younger workers across firms of different sizes, and within the public and private sectors. We may expect two particular characteristics to influence the proportions of older and younger workers in these types of firms. Firstly, both larger firms and those in the public sector have a greater propensity for well-developed equal opportunities policies and practices (Anderson, Millward and Forth, 2002). In contrast, these firms have also traditionally relied upon the use of voluntary redundancy and early retirement schemes when labour force reductions are required (Casey and Wood, 1994). However, apart from a tendency for both men and women aged between 16 and 24 to be employed in the smallest organisations, when compared to their older counterparts, there would seem to be few systematic differences in terms of firm size. In contrast, Table 2.8 identifies a clear increase in the concentration of individuals in the public sector as we move higher up the age range, until consideration of the 50+ age group where the lower proportion may reflect the wider availability and use of early retirement.

Having considered a range of indicators, providing information on the distribution of older and younger individuals across various types of firm, we now move on to identify the job characteristics of workers from different age groups. Firstly, considering the length of time an individual has been with their present employer (their length of tenure) LFS data identify something of a trivial phenomenon. As one might expect, the length of time an individual has been with their company is highly correlated with age (though it is interesting to note that tenure is much higher for men than for women of all ages).

In this instance it is more informative to consider change over time and consider the work of researchers such as Burgess and Rees (1996) who find little significant fall in average tenure for males and females of all ages between 1975 and 1992. Whilst the authors find a slight secular decline for males (1 year, or 9 per cent) that is much more pronounced for the younger and older age groups, the only significant fall in job tenure is for males aged 30-50 in the lowest earnings quartile. Such findings provide interesting background to the present study, especially given the link between occupational pension provision and job mobility or tenure, a subject that we return to in Chapter 3 in the section, Summary and implications of EPPS Baseline.

Finally, it should be noted that average tenure has limitations as an indicator of labour market performance, as it only provides information on the profiles of those who remain in employment. For example, Gregg and Wadsworth (1995), who analyse employment separations between 1975 and 1993 for the 16-24, 25-54 and 55-64 age groups, find that the only upward trend is the increase in employment to unemployment moves for the over-55s. Thus, whilst the tenure profiles of those older individuals who have remained in

employment may not have changed significantly, the probability that individuals in this age group will move into unemployment has been increasing over time. Furthermore, as the discussion in Chapter 2 in the section, Summary and implications of GHS and BSAS Baseline shows, the wage 'penalty' experienced by older individuals who become unemployed would seem to be higher than for other age groups.

Atypical or flexible working, hours worked and job search

Over recent decades the UK has seen an increase in the incidence of various types of employment that are not 'standard' full-time, permanent, employee jobs with individuals working regular, fixed hours. Thus, part-time employment has continued a trend increase which began in the 1950s and by 2002 approximately one-quarter of those in employment were working under 'fractional' contracts (*Employment Gazette*, 1994; *Department for Education and Employment*, 1997/1998; *LFS Spring 2002*). Between 1979 and 1990 self-employment grew from 7.5 per cent to 13 per cent of those in employment, but then stabilised at around 12 per cent, after dipping slightly in the recession of the early 1990s (Robinson, 1996). The proportion of employees on temporary contracts remains very low by European standards and having remained constant at approximately 5 per cent of employees between 1984 and 1992, has risen slightly during the 1990s to account for approximately 6 per cent of employees in 2002 (according to the work cited).

Clearly, these forms of 'atypical' or flexible employment continue to constitute an important element of the UK labour market and their growth has generated wide debate. However, the main motivation for inclusion of this aspect in the baseline, is the increasing importance that academics, policy makers and employers have attached to these forms of employment as possible ways of retaining older workers in employment (*Department for Work and Pensions*, 2002; Lissenburgh and Smeaton, 2003). Thus it is suggested that a period of 'partial' retirement, where older individuals move to part-time, seasonal or some other form of *flexible* working rather than early retirement, would help to retain older individuals in the labour market.

Given that much of the recent media attention has focused on the discussion of retirement ages in *Age Matters*, the idea of partial retirement may have an increased appeal to employers and employees. However, a more important consideration over whether individuals decide to take up the 'opportunity' of more flexible working patterns in later life, may be the form of occupational pension provision (Emmerson, 2002), discussed in the section, Summary and implications of EPPS Baseline in Chapter 3 and, more generally, the financial situation of individuals who are faced with the decision of continuing to work or retiring before SPA.

Given the range of possible impacts that legislation could have on the extent of atypical working in the UK, it is clearly important to gain some idea of the age dimension of this aspect of the labour market. Thus, Table 2.9 begins by providing details of the type of employment undertaken by men and women of different age groups who were included in the category of *employed* from Tables 2.1, 2.2 and 2.3. As can be seen, of those men and women in employment, there is a much greater tendency for older males and females to be self-employed, when compared to their younger counterparts. There are a number of possible reasons why older individuals have traditionally been more likely to become self-employed, including their easier access to financing (perhaps through

securitisation against housing equity) and the longer time period over which they have been able to develop useful contacts.

However, in addition to these possible justifications a number of commentators (Granger, Stanworth and Stanworth, 1995; Covick, 1997) have suggested that many of those moving into self-employment do so because of a possible lack of opportunities elsewhere in the jobs market. Whilst this may apply to those in certain sectors, research (Knight and McKay, 2000) suggests that there is a great deal of diversity in the motivations for becoming self-employed, with the most popular reason being flexibility, followed by the nature of the job, earning more money and self-fulfilment, respectively. From Table 2.9, it is also clear that men of all ages are much more likely to be self-employed, when compared to women.

The importance of part-time working amongst female members of the workforce is well documented and Table 2.10 underlines this. Furthermore, for both men and women, there is a steady increase in the proportion of individuals who are working part-time as we move upwards through the age groups. However, as one might expect, part-time working is particularly popular amongst those at the extremes of the age distribution.

Table 2.11 identifies the reasons for the distribution of part-time working. As can be seen, those aged 16-24 are much more likely to take a part-time job because they are still studying, whilst individuals who have passed retirement age simply do not want to work full-time. Furthermore, in contrast to the situation amongst women, where the vast majority of those aged between 25 and SPA are working part-time because they did not want a full-time position, almost one-third of men between 25 and 49 who are working part-time, do so because they could not find a full-time job. For those men between 50 and 64 who are working part-time there is some evidence that they have adopted to work part-time to ease the transition into full retirement.

From Tables 2.12 and 2.13 there is evidence of a level of dissatisfaction amongst male temporary workers, which is even higher than for those men who work part-time. Similarly, between 20 and 30 per cent of women aged between 16 and 59 who are working under temporary arrangements would have preferred a permanent position. However, it is still the case that the proportion of temporary workers who are dissatisfied with their position tends to fall as we analyse older groups of males and females, when compared to younger males and females aged 25 to 49. When one considers the extent to which each age group is engaged in temporary working, there is a clear tendency for the youngest and oldest age groups to undertake work of this type and also to have done so out of choice.

In addition to the tables presented, analysis of further LFS data identifies little variation in the average duration of these temporary contracts. Thus, more than three quarters of temporary employees in each age category have a contract that either does not specify the duration of employment or is for less than 12 months. Similarly, the proportion of temporary workers in each age group, who are working under seasonal, fixed term, casual or other arrangements varies very little. More than three quarters of each age group record that they work for a temp agency or have a contract for a fixed task or time period. Also, there is no evidence of a systematic pattern across the age groups when considering the extent of flexitime, annualised hours contracts or job sharing. In contrast,

there is a clear decrease in the incidence of shiftworking amongst both men and women as we move upwards through the age distribution, whilst homeworking is more common amongst older age groups.

Given the possible impact of age legislation on the extent to which various age groups are associated with different atypical and 'traditional' forms of employment, it is useful to set out the present distribution of hours worked. As one might expect, Table 2.14 identifies some tendency for 'prime aged' individuals to work longer hours, with more than 90 per cent of men aged between 40 and 49 working for 31 hours or more, compared to less than three quarters of those aged between 16 and 24. Whilst women of all age groups tend to work shorter hours, the differing propensities for longer hours is similar across age groups, with more than half of women aged between 25 and 39 being more likely to work more than 31 hours. A similar picture emerges when one considers the proportion of each age group who work overtime, with the highest percentages observed amongst both males and females in the 25 to 39 age group. However, it should be noted that this static view ignores changes in working hours and evidence suggests that average weekly hours have begun to fall in recent years (*Economist*, 2003).

Informal networks and search channels are one possible way in which employers and employees may attempt to circumvent the official recruitment process. Therefore, it is useful to set out the extent to which informal search is associated with individuals of various ages. Table 2.15 records the main method of securing employment for those who have recently switched jobs and identifies a clear systematic trend, with a falling proportion of individuals using informal ('hearing from someone who worked there') search channels, as we move upwards through the age distribution. Depending on the specific impact of age legislation and its overall effectiveness we may expect either employers or employees or both to use informal contacts to a greater or lesser degree, as they see their opportunities change as a result of legislation.

Finally, analysis of employed persons from various age groups has focused on the country as a whole and has not looked into the possibility of geographical variation. Analysis of LFS data shows that, whilst 43 per cent of those employed in London are aged between 25 and 39, the figures for Wales and the South West are only 36 per cent. In contrast, only 18 per cent of those employed in the capital are aged between 50 and 59/64, whilst in the Midlands and the Southwest the figure is 23 per cent. Other than this there is little significant variation in the spread of ages across the regions when one considers only those in employment.

Main characteristics of the unemployed and inactive

Tables 2.2 and 2.3 referred to in the above section on the Spring 2002 Quarterly Labour Force Survey have provided some idea of the relative incidence of unemployment and economic inactivity amongst males and females of different ages. However, the percentage unemployment rate in these tables should not be taken as *The Unemployment Rate*, as the denominator includes the inactive in each age group (see *Glossary of Abbreviations and Key Terms*). Therefore, Table 2.16 begins this section of the report by setting out the unemployment rate for each age group, for both males and females, and Table 2.17 then gives some idea of the extent to which each age group is experiencing longer or shorter average unemployment durations.

It is recognised that certain characteristics of Table 2.17 are somewhat trivial. For instance, those aged between 16 and 24 are highly unlikely to be recorded as unemployed for more than 5 years, simply because many within this age group have not been in the labour market for long enough. In addition, it is clear that few women remain unemployed for more than two years, whether this is because of the relatively wider availability of part-time working or the demands of childcare. Other than this, there would seem to be some tendency for a higher proportion of males aged between 50 and 64 to be registered as unemployed for more than two years, though a smaller proportion of this age group have been unemployed for six months to two years, when compared to those aged 25 to 49.

The content of Tables 2.16 and 2.17 would seem to imply little variation in the incidence and duration of unemployment between men and women of different ages. However, it would be incorrect to conclude from this that the extent of labour market 'disadvantage' is similar across age groups, as unemployment is an imperfect indicator in this instance. From Table 2.2 it is clear that for males aged between 50 and 64, the numbers recording themselves as unemployed account for only 10 per cent of those in this age group who are not in employment. In contrast, one-third of all men aged between 25 and 49 who are not in employment, record themselves as unemployed. Similarly, Table 2.3 indicates that a smaller percentage of women aged between 50 and 59, who are without a job, register themselves as unemployed, when compared to women aged 40 to 49 and 25 to 39, respectively. Thus, it is useful to adopt a more generic category of *non-working*, which encompasses both the unemployed and inactive. This then gives us an indicator of labour market disadvantage that can be compared across age groups and which provides a clear baseline for comparison.

Moving on to consider the characteristics of these non-working individuals, Table 2.18 provides information on the type of benefit claimed by those who are *non-working* and claiming some form of state benefit. This table gives some idea of the challenge facing those who see the introduction of age legislation as a way of alleviating the adverse labour market profiles of older inactive individuals. Almost three quarters of unemployed and inactive individuals aged between 50 and SPA who are claiming benefits, are drawing some type of sickness or disability benefit. This figure is much higher than for other age groups, though the proportion of benefit dependents aged between 40 and 49 who are drawing this form of state support would also seem particularly high. Other than these two figures, the incidence of other types of benefits would seem to reflect previous findings with, for example, a relatively large proportion of those aged 16 to 24 drawing some form of unemployment benefit.

As Webster (2001) points out, figures from the Eurostat 1999 LFS show that the UK has twice the EU average number of individuals registered as inactive due to sickness or disability, a point taken up by the Government in a recent Green Paper, which outlines the need to move individuals from inactivity-related benefits into employment (*Department for Education and Employment*, 2001). As Nickell and Quintini (2001) suggest, 'there seems no question that some individuals who were hard to place in work were advised by the Employment Service to claim invalidity benefit' (the authors cite a report by the National Audit Office [1989] to support their argument).

Therefore, it is likely that the number of individuals who are registered as inactive because of long-term sickness or disability is influenced to some extent by the state of

the labour market. This would seem to be supported by Figure 2.3, which identifies clear differences in the extent to which inactivity due to sickness has increased amongst older individuals according to their highest educational qualification. Furthermore, there would seem to be a cyclical component to these trends in sickness inactivity rates, with the boom in the latter half of the 1990s being associated with a slight fall in the proportions of individuals who are registered inactive due to sickness or disability. In a corollary to this Loumidis et al. (2001) find that recipients of incapacity benefits who are 'closer' to the labour market are more likely to have qualifications, when compared to incapacity-related benefit recipients as a whole.

From the discussion in the section on the Main characteristics of those in employment, it would seem that the extent to which different age groups are concentrated within certain occupations or industry sectors is minimal. However, as suggested, this is likely to reflect a period of change over a number of years, with older and younger workers' labour market profiles undergoing change as certain sectors of the economy have experienced growth and decline. This would seem to be supported by the following analysis of the previous employment characteristics of those who are now registered as inactive or unemployed.

Thus, in contrast to the analysis of Tables 2.6 and 2.7 where there seemed to be very little variation in the proportion of individuals within each age group who are working in different occupations, Table 2.19 identifies a clear pattern. Thus, there is a steady increase in the proportion of individuals in the top three occupations, as well as in *process, plant and machine operatives* and *skilled trade* occupations, as we move upwards through the age distribution. Previous work suggests that this dichotomy amongst older individuals (with those non-working men and women more likely to be from the extremes of the occupational distribution) reflects a more general phenomenon of, 'two nations in early retirement' (Atkinson and Sutherland, 1995). Thus, economic inactivity (amongst those aged between 50 and SPA) is particularly pronounced for men in the manual occupations that have left the labour market due to a lack of demand for their skills, but also for those in higher occupations who have chosen economic inactivity from a situation of financial stability.

Considering the previous industry group of the unemployed and inactive, once again, a clear pattern across age groups emerges. Amongst those of working age, Table 2.20 identifies increasing proportions of individuals who were previously employed in the *primary and utilities*⁹, *manufacturing, construction* and *public* sectors, as we move upwards through the age groups. In contrast, non-working individuals in the 16 to 24 age group are most likely to have previously worked in the *wholesale, retail, hotel and restaurant* sectors.

Whilst the section on the Main characteristics of those in employment identifies little variation in the concentration of employed individuals from different age groups within regions of the country, analysis of Table 2.21, which outlines the age distribution of the unemployed within each region of the country, would seem to suggest that the youngest and oldest age groups are much less predominant amongst the unemployed in London. In contrast, Wales and the North West have particularly high proportions of the youngest

⁹ Agriculture, forestry and fishing, mining and quarrying, electricity, gas and water supply.

age group amongst the unemployed, whereas, the South West and the Midlands would seem to have higher proportions of individuals aged between 50 and SPA.

Given that rising economic inactivity rates of older individuals have been closely linked to decline in certain sectors of the economy, it is to be expected that inactivity rates tend to be higher in areas which have traditionally been dominated by mining or heavy industry. When considering the inactive, Table 2.22 indicates that London has the highest proportion of inactive individuals who are aged between 16 and 24, perhaps because of the high concentration of universities in the capital. Whilst for the inactive aged between 50 and SPA there would seem to be something of a divide, with more northerly regions having higher proportions of inactive individuals from this age group.

Education and training

The Government recognises that, 'tackling issues of age discrimination presents a range of complex issues that are new to policy makers'¹⁰. It could be argued that nowhere is this statement more pertinent than when one considers the aspects of education, training and the returns to on-the-job experience. The problems encountered are usefully illustrated by considering a simple methodology that could reasonably be used to test for evidence of discrimination on the grounds of gender, ethnicity, disability, sexual orientation and religion. *Correspondence testing*¹¹ is a simplistic methodology that involves researchers sending out job application forms to employers from two identical individuals, with only one differing characteristic – for instance, the ethnicity of the individuals.

In the case where we observe a significant difference in the number of applications that are offered an interview simply because of, for example, their stated ethnicity, we would be inclined to conclude that some element of discrimination exists. It would, at first, seem reasonable to adopt this methodology as a test for discrimination across a range of characteristics. However, if one considers this approach as a means of testing for age discrimination, we encounter a theoretical obstacle that highlights the unique nature of age discrimination. Specifically, employers considering the application forms of two individuals, identical in all respects except for their ages, would conclude (quite rightly) that one individual must have had long spells away from the labour market (providing that the age differences were significant).

This may at first seem a trivial or purely methodological consideration. However, it does highlight a fundamental problem associated with the testing of age discrimination, that typically one would expect (all other things remaining equal) older individuals to have more years of experience and younger individuals to have a greater number of (relevant and up-to date) qualifications. Traditionally, therefore, job advertisements have specified a certain number of years of experience or relevant qualifications, or a combination of both – with younger or older workers opting to apply for posts which best match their education and labour market profiles. Simply put, older and younger workers are not expected to apply for the same jobs and, furthermore, even in cases where they do, it is impossible to isolate a 'pure' age effect as it is so closely linked to a range of other characteristics.

¹⁰ Department of Trade and Industry (2002), *Equality and Diversity: the Way Ahead*.

¹¹ See Riach and Rich, 1991.

Furthermore, when one considers the extent to which various age groups are likely to hold formal qualifications, there has been an increasing divergence between the profiles of older and younger individuals in the labour market over the past three decades as the average age at which individuals leave full-time education has risen. For instance, analysis of LFS data shows that, whilst approximately one-half of men and women aged between 25 and 39 left full-time education before the age of 17, for those aged between 50 and SPA the figure is just under three-quarters.

This increase in the number of years an individual spends in education has led to a significant rise in the average levels of educational attainment over recent decades. As can be seen from Tables 2.23 and Table 2.24, this is underlined by the much larger proportions of older individuals amongst both the employed and non-working who have no formal qualifications – discounting the figures for those aged between 16 and 24, as a large proportion are still likely to be studying. Furthermore, amongst the employed approximately one-half of men and women in the 25-39 age group have higher education, A-level or equivalent qualifications, compared to less than 40 per cent of men and women in the 50-59/64 age group. The picture is similar amongst the non-working, though individuals from all age groups are more likely to have no formal qualifications. There also seems to be some evidence to support the proposition that early retirement is particularly concentrated at the extremes of the income distribution for men. Thus, amongst non-working men aged between 50 and SPA there is a predominance of individuals at both ends of the qualifications hierarchy, with many possessing *Level 4 or Higher*¹² qualifications, but also a large proportion having a qualification in *Craft and Related* areas.

These trends in the holding of formal qualifications reflect an increasing tendency towards formal accreditation in many areas of education and training over recent decades. However, we would not necessarily expect this to disadvantage older individuals who were educated during a period when formal qualifications were less widely held. If one views older individuals (all other things remaining equal) as having more experience in the workplace, the proliferation of formal qualifications would not reduce their ability to obtain employment, if the experience they possess continues to be rewarded in the same way as was previously the case – formal academic qualifications and on-the-job experience are unlikely to be close substitutes.

However, it is possible that changes to the working environment may have reduced the value employers have placed on this experience. According to human capital theory, during economic downturns firms will retain those workers in which they have invested the most (Oi, 1962) and, other things remaining equal, unskilled workers tend to enter unemployment first (Nickell and Bell, 1996). With the highest levels of investment likely to be in older workers (all other things remaining equal), it might be expected that these workers would be retained during periods of recession. However, from the mid-1970s to the early 1990s older workers seem to have been targeted when labour force reductions were required (see previous section). This ‘targeting’ of older workers suggests that firms may have viewed the human capital of this group as outdated – though the tendency to use older workers when labour force reductions were required may have been re-enforced by the incentives of programmes such as the *Job Release Scheme*.

¹² Qualifications at level 4 of the *National Credit Level Framework* correspond to first year honours degree-level study; therefore this category contains all who are qualified beyond A-level.

Thus we are faced with yet another manifestation of the possible problems of comparing the characteristics of individuals of different ages. If, as seems likely, the restructuring of previous decades has led to a significant increase in the range of new skills required by employers (Green, Ashton and Felstead, 2000), it cannot be assumed that experience will be rewarded in a similar way for older and younger individuals. To illustrate, simply consider a 30 year old who has 10 years on-the-job experience gained between 1993 and 2003 and a 50 year old with 30 years of experience gained between 1973 and 2003. Assuming that all other characteristics of these individuals are identical, the returns to experience for the younger individual could be calculated and compared to the returns on the older worker's experience between 1993 and 2003. However, it is not clear what value would be placed on the older worker's experience gained between 1973 and 1993, as it is unlikely to be rewarded in the same way as experience gained within the last decade, given changes to the working environment.

When further consideration is given to the problems associated with comparison of the labour market profiles of older and younger individuals, there would seem to be even more reason for caution when drawing any conclusions on the extent to which certain age groups can claim to be discriminated against. Thus, when we say that 'all other things remain equal' the assumption is that, for example, an A-level in computer science gained 20 years ago is equivalent to one obtained 5 years ago. To summarise, the characteristics of older and younger individuals, though they may seem similar on paper, are often very different, as they are the result of different periods in the economic history of the UK.

Having set out the complications associated with the comparison of older and younger individuals in this area of the investigation, it would seem that additional research may be required before legislation is introduced and this is discussed in more detail in the section on the Summary and implications of LFS Baseline below. However, returning to the focus of the present report, it is clear that the labour market prospects for both older and younger individuals are likely to be reflected in the extent to which they are at present involved in various forms of training and education. In a rapidly changing technological environment, where both qualifications and on-the-job experience remain relevant for shorter periods of time, there is a need to constantly update skills to remain competitive in the jobs market.

However the LFS suggests that, not only are older individuals less likely to possess formal qualifications, they are also much less likely to be studying for a formal qualification whilst at work. In addition, Table 2.25 identifies a clear pattern of falling proportions of employees receiving employer provided training as we move upwards through the age distribution. Thus, the proportion of employees aged between 16 and 24 who undertook employer provided training in the previous three months was more than double that for the 50-59/64 age group. However, considering those who have not undergone job related education and training in the past three months, there is some evidence that training is less likely to be offered to older individuals, but also that large proportions of this group have not taken up the opportunity to train.

There are many possible reasons for this lower incidence of training in later years. According to human capital theory, firms and individuals undertake investment in their human capital if the net present value of future incremental earnings accruing from the investment, outweigh the direct and opportunity costs. Thus, we may expect age to have

a significant effect on the viability of any such investment. The length of the future income stream accruing to an older worker is likely to be shorter than that for a younger worker. This may be expected to reduce the incentive for investment in human capital, from both the individual and firm perspective – though it should be noted that older workers have lower levels of turnover than their younger counterparts and this may be expected to offset some of the reduction in incentives from the firm's viewpoint (see Chapter 3).

Another important determinant of whether an individual participates in training, is the type of training on offer. While the LFS does not allow us to analyse this, it does allow analysis of various aspects of the training that individuals have undertaken in the previous four weeks. Thus, Table 2.26 shows that older workers are more likely to be undertaking short training courses of less than one weeks duration, a possible indicator of the 'quality' of this training.

The type of training paid for by firms is likely to be different to that paid for by individuals (for more detail see, Becker, 1993). Despite this difference, analysis of the proportions of individuals undergoing self-financed training among various age groups, as a proportion of those who received some form of training, allows us to evaluate the willingness of older individuals to invest in their own human capital. Work by Taylor and Urwin (2001) suggests that despite the shorter time horizons faced by those in the 50-59/64 age group, one-fifth, who are undergoing training, are self-financed – a similar proportion to that seen in the 25-39 and 40-49 age groups. The lower level of self-financed training among those aged 16-24 may be the result of the greater financial constraints faced by this age group. However, with over one-half receiving some form of government assistance there is also less incentive for this group to self-finance.

Before moving on to conclude this section of the report, it is important to underline a range of additional elements that could possibly explain the differing incidence of employer provided training amongst individuals of different ages. Specifically, the approach in this report is bivariate in nature and does not take into account the extent to which the incidence of employer provided training differs according to the occupational group or industry sector of the individual, as well as factors such as whether they are working part-time or full-time. In this case, the findings that older individuals are more likely to be working part-time and the fact that this form of working is less likely to be associated with employer provided training may explain some of the differences by age (a consideration we return to in the final chapter of this report).

Finally, given that training is one of the elements of expenditure that is reduced during a cyclical downturn, it is interesting to compare the proportions of different age groups undertaking training over time. As can be seen from Table 2.27, there is a steady increase in the proportion of individuals receiving employer funded training between 1992 and 2002. Thus, apart from a slight dip among the youngest age group in the mid-1990s, there would not seem to be a particularly strong cyclical component for other age groups (though, as suggested from the discussion of economic activity rates, the absolute numbers in each age group do vary with the economic climate). Also, whilst the rate of change is not particularly pronounced, comparison of the differentials throughout the entire period do suggest some 'catch-up' amongst those aged between 50 and SPA. Thus, whilst the percentage of employees aged 50-59/64 receiving training in 1992 is less than half of that for the 25-39 age group, by 2002 the rate for 50-59/64 year olds is nearly 60 per cent of that for those aged 25-39.

A view from the household and the demographics of ethnicity

Before moving on to consider the findings from the *General Household Survey*, we conclude the analysis of LFS data with a discussion of additional household and demographic characteristics. To begin, Table 2.28 sets out the age distribution of individuals from a range of ethnic backgrounds. Britain's minority ethnic population has grown continuously over recent decades as a result of various waves of immigration. As can be seen from Table 2.28, minority ethnic groups now constitute a much larger proportion of the younger population. This implies that these individuals will constitute a growing proportion of potential workers and customers in the future, even if one discounts any further inflow of immigrants.

Moving on to consider the demographics of household formation, Table 2.29 deals with the existence of 'workless' and 'work-rich' households, a subject that Paul Gregg and Jonathan Wadsworth have managed to bring to the forefront of labour market debate (Gregg, Hansen and Wadsworth, 1999). As the authors have previously suggested (*Employment Policy Institute*, 1996) in the mid-1970s only 6.5 per cent of households had no individuals who were working and, according to Table 2.29, this proportion has increased significantly over the past three decades. Even if we consider only those households where the Household Reference Person (HRP) is aged between 16 and SPA, 16 per cent of households contain no individuals who are working¹³. Though this does not take into account the reduction over this time in the average size of households, more recent work by the authors (Gregg and Wadsworth, 2000) suggests that this effect can only account for, at most, one-quarter of the rise in polarisation.

This rise in the proportion of households that can be either described as 'work-rich' or 'workless' is closely associated with the changing patterns of economic activity amongst men and women. Thus, whilst activity rates have risen amongst young and prime aged females, many of the women who moved into employment have been members of households where there was already a working partner. In contrast, the fall in male activity rates has mainly occurred because of the withdrawal from the labour market of men who were either single or had a partner who was not working (previously cited).

Considering the age dimension, Table 2.29 identifies the highest proportions of work-rich households amongst those where the HRP is aged between 25 and 49. In contrast, in households where the HRP is aged 16 to 24, 50 to 59/64 and, as one might expect, 60/65 to 75, there are much smaller proportions of work-rich households. Table 2.29 also shows that the proportion of households with a combination of employed and inactive individuals rises from just over one tenth to above a quarter, as we move upwards through the age distribution, only dropping when consideration is given to those households where the HRP is past SPA.

Apart from the rather high proportion of 'wholly' unemployed households amongst those where the HRP is aged between 16 and 24, the category of wholly inactive would seem to account for the majority of the remainder of households within each age group. For those households where the HRP is aged 16-24 the particularly high proportion of 'wholly inactive' is perhaps unsurprising, given the large proportion of students in the population,

¹³ This includes the three categories of: *all persons in Household are Unemployed, Household Includes Unemployed and Inactive* and *All Persons in Household are Inactive*.

and this may also explain the figures associated with households where the HRP is aged between 25 and 39. However, with almost one-fifth of all households headed by someone aged between 50 and SPA being wholly inactive, we have confirmation of our previous findings of the clear trend towards early exit from the labour market.

Table 2.30 considers the characteristics of these work-rich and work-poor households. Focusing on the first section of the Table, more than three quarters of workless households are headed by someone who is less than 50 years old, are either single person or lone parent households. As one might expect, amongst those workless households where the HRP is more than 50 years old, couples without children are more prevalent than lone parent families and this category, together with singles, makes up the majority of workless households. In contrast, the majority of work-rich households are made up of singles and couples with or without children, no matter what the age of the HRP. Though the proportions within each of these three categories change as we move through the age distribution, this tends to reflect the stages of rearing children, with some evidence that being single in later life is associated with worklessness.

Summary and implications of LFS Baseline

The analysis of LFS data has firstly considered economic activity amongst the population of GB aged between 16 and 75. This issue has been central to the debate over age discrimination and the *Age Matters* consultation suggests that, 'legislation on age discrimination is likely to result in increased participation for older and younger workers' (page 7). As can be seen from the discussion in the section on the Summary and implications of LFS Baseline, there are many factors to consider in this debate and therefore general comment on this issue is left until Chapter 4 when the main findings of our study are drawn together.

From the analysis of industry sector, both the LFS data and associated literature would seem to indicate that two factors have contributed significantly to the lower employment rates of older individuals. Firstly, they have traditionally been more concentrated in sectors that have experienced decline over the last two decades. Secondly, considering the methods used to effect labour force reductions, which have been necessary in such declining sectors, they may have been more likely to be targeted through the use of voluntary redundancy and early retirement, when compared to younger workers.

However, this has led to a situation where younger and older workers seem to be relatively evenly spread across sectors, though the predominance of younger workers in the financial intermediation sector may be cause for concern. It would therefore seem reasonable to suggest that the prospects of older and younger workers are now more dependent on the recruitment and retention policies of firms in different industries, rather than the economic prospects of different sectors. In contrast, our findings regarding the previous industry group of non-working individuals from different age groups does reflect patterns of industrial decline. Thus, older non-working individuals, who are more likely to have skills associated with declining sectors, may face significant barriers to employment in the future, even following the introduction of legislation to outlaw age discrimination.

When considering the age dimension amongst different occupations, similar findings are obtained. Thus whilst variation in the concentrations of older and younger individuals in

different occupations would seem to be relatively minor¹⁴, there is a clear tendency for older individuals who are no longer working to come from either the *managerial and professional* or *craft and related occupations*. As suggested in various parts of this report, this distribution of non-working older individuals is likely to reflect very different motivations for leaving employment. Thus, the former group generally choose to retire from a position of financial stability, whilst the latter group remain inactive due to a lack of job opportunities and dependence on incapacity benefits, which are relatively generous when compared to those available for active job seekers¹⁵.

However, this static view should be considered in connection with the findings of Disney et al. (2001) whose empirical study suggests that, 'occupations that offer training are much less likely to employ, or hire, older workers relative to young workers' (page 18). These findings are important as they provide information on the dynamics of occupational change. Thus, it would seem that, as we find in various parts of our study, the issues of education, employer provided training and relevance of experience are central to the prospects of older and younger individuals. Similarly, analysis of the tenure profiles of different age groups underlines the disadvantaged position of low wage older workers and the penalties faced when they exit employment, issues which are, once again, linked to education and training.

Furthermore, the spread of younger and older workers across firms of different sizes and between private and public sector employers, highlights a possible contradiction in the HR policies of firms. Specifically, whilst firms may have equal opportunities policies that tackle the issue of age, they may also favour voluntary redundancy and early retirement schemes when labour force reductions are required. Given that the alternative to these schemes (which cannot be viewed as 'age neutral') is often enforced redundancy, this is an aspect we return to in Chapter 4.

Clearly, much interest has been generated in the possibility of more flexible working arrangements towards the end of working life. The analysis of LFS data and additional literature would seem to suggest that this is a viable and attractive option for many individuals who are approaching the end of their working lives. Thus, the evidence suggests that both older women and men are more likely to be working part-time, as a self-employed person or under more temporary arrangements. Also, there would seem to be a much higher level of satisfaction with these forms of employment amongst older individuals, especially when one considers part-time working.

Given the proposed changes to pension and retirement arrangements mentioned in the Inland Revenue's (IR) consultation process (2002), *Simplifying the Taxation of Pensions: Increasing Choice and Flexibility for All* (page 5) and the apparent desire of older individuals to adopt more flexible forms of employment in later life, we may expect an increase in these forms of working amongst older individuals in the future. However, with reference to the provision of a baseline for this issue, it should be noted that recent work by Disney and Hawkes (2003) identifies a clear trend over recent decades, with the self-

¹⁴ It should be noted that we have only considered broad occupational and industrial categories. A more disaggregated approach (such as that taken in, *Department for Education and Employment* 2001a) does find some differences between more disaggregated sectors, though these are still not as large as those found amongst the non-working population.

¹⁵ For a more detailed discussion see, Nickell and Quintini, 2001.

employment rate of older men rising by 50 per cent since the mid-1980s, when compared to older women whose rates of self-employment have remained roughly constant.

Analysis of non-working individuals shows a clear tendency for older individuals to be more likely to be claiming sickness and disability benefits, though there is also a high proportion (41 per cent) of individuals aged 40 to 49 who are also claiming such allowances. Clearly, the situation of these people is immensely complicated and likely to depend upon a range of factors. Poor health would seem to be a significant factor for many individuals who move into economic activity, whilst the fact that those aged between 50 and SPA are most likely to be providing elder-care may also influence such considerations. However, research cited in this and other sections of the report also underlines the influence of qualifications as an important determinant of 'proximity' to the labour market. Similarly, the correlation between regional concentrations of inactivity and the decline of previous industry sectors once again highlights the importance of relevant skills and experience as a determinant of labour market prospects.

Finally, the analysis also identifies a lower incidence of employer provided training amongst older individuals, with some indication that younger workers are more likely to be offered training by their employers. However, in contrast, it is also the case that a large proportion of older workers who are offered training turn down the opportunity. There are many reasons why we might consider such findings to be justified, given the shorter time period to reap the returns to human capital investment in older workers. However, we may expect this to change in an environment where retirement age is more flexible (see Chapter 4 for more detail).

LFS: key findings for baseline tracking

- Proposals to remove restrictions on working past retirement included in a recent Inland Revenue consultation and the possible removal of mandatory retirement ages proposed in *Age Matters*, may result in an increase in the 860,539 individuals who are presently working beyond state pension age.
- There would seem to be few clear systematic differences in the concentration of older and younger workers in different broad occupational groups at present.
- Apart from a tendency for both men and women aged between 16 and 24 to be employed in the smallest organisations, there would seem to be few systematic differences in terms of firm size.
- There is a clear concentration of individuals in the public sector as we move higher up the age range, until we consider the 50+ age group where the lower proportion may reflect the wider availability and use of early retirement.
- The length of time an individual has been with the company is highly correlated with age.
- Research into employment separations between 1975 and 1993 suggests that the only upward trend is in employment to unemployment moves for the over-55s.

- Evidence suggests that the wage 'penalty' experienced by older individuals who become unemployed is higher than that seen amongst other age groups.
- There is a much greater tendency for older males and females to be self-employed, when compared to their younger counterparts.
- Part-time working is particularly popular amongst those at the extremes of the age distribution.
- There is a clear tendency for the youngest and oldest age groups to undertake temporary working and to be satisfied with this form of working.
- The proportion of individuals using informal ('hearing from someone who worked there') search channels falls as we move upwards through the age distribution.
- There is little variation in the incidence and duration of unemployment between men and women of different ages.
- The UK has twice the EU average number of individuals registered as inactive due to sickness. Thus, whilst the decline in older individuals' activity rates may have slowed in recent years, it is still the case that nearly one-third of males and females aged between 50 and SPA do not work for various reasons.
- For males aged between 50 and 64, the unemployed account for only 10 per cent of those in this age group who are not in employment. In contrast, one-third of all men aged between 25 and 49 who are not in employment, are unemployed.
- Almost three quarters of unemployed and inactive individuals aged between 50 and SPA who are claiming benefits, are drawing some type of sickness or disability benefit.
- Amongst non-working individuals, there is a steady increase in the proportions who have previously worked in the top three occupations, as well as in *process, plant and machine operatives* and *skilled trade* occupations, as we move upwards through the age distribution.
- Thus, inactivity amongst those aged between 50 and SPA is particularly pronounced for men in the manual occupations that have left the labour market due to a lack of demand for their skills, but also for those in higher occupations who may have chosen inactivity from a situation of financial stability. A situation that may be characterised as, 'two nations in early retirement' (Atkinson and Sutherland, 1995).
- Together with the findings of Disney et al. (2001) – that older individuals may be less likely to be recruited into certain occupations – the suggestion is that a number of occupations may have experienced disproportionately larger falls in older worker employment.
- London has the highest proportion of inactive individuals who are aged between 16 and 24, perhaps because of the high concentration of universities in the capital.

Whilst more northerly regions have higher proportions of inactive individuals aged from 50 to SPA.

- One-half of men and women aged between 25 and 39 left full-time education before the age of 17; for those aged between 50 and SPA the figure is just under three quarters.
- Not only are older individuals less likely to possess formal qualifications, they are also much less likely to be studying whilst at work.
- There is evidence that training is less likely to be offered to older individuals, but also that large proportions of older individuals do not take up the opportunity to train.
- Older individuals have previously faced two main sources of disadvantage. Firstly, they have traditionally been more concentrated in sectors that have experienced decline over the last two decades. Secondly, they may have been more likely to be targeted through the use of voluntary redundancy and early retirement, when compared to younger workers.
- However, this process may have led to a wider spread of ages across sectors, apart from the predominance of younger workers in the financial intermediation sector. Therefore, it would seem reasonable to suggest that the prospects of older and younger workers are now more dependent on the recruitment and retention policies of firms in different industries, rather than the economic prospects of different sectors. Though analysis of WERS98 does question this finding.
- The issues of education, employer provided training and relevance of experience are central to the prospects of older and younger individuals.

General Household and British Social Attitudes Surveys 2000/2001

As suggested in previous sections of this report, much of the motivation behind the calls for legislation outlawing discrimination on the grounds of age has been associated with the fall in economic activity rates for those aged between 50 and SPA. When this fall in activity is linked to demographic movements that imply an ageing of the population, one can understand the interest that has been generated in pensions and the issue of retirement in general. Clearly, the use of early retirement packages by firms has been seen to contribute to this move towards early exit from the labour market, whilst pension arrangements based on final year salaries may have stifled the adoption of more flexible retirement options. In addition, current Inland Revenue occupational pension regulations bar individuals from withdrawing their pension, whilst continuing to work part-time for the sponsoring employer¹⁶. Given the less than adequate coverage of these issues in the LFS¹⁷, this section of the report utilises data from the General Household Survey (GHS) and the British Social Attitudes Survey (BSAS) to provide additional information.

¹⁶ It is proposed to change this from April 2005.

¹⁷ From spring 1997 income questions have been asked in waves one and five of the QLFS. This has led to a significant improvement in the representativeness of the data on incomes and it is now possible to gain some information on a number of income-related factors for those who are working and those on benefits. However, from spring 2000 a number of questions relating to occupational and state pension

The General Household Survey (GHS) is a continuous annual national survey of people living in private households, carried out by the *Social Survey Division* of the Office for National Statistics (ONS). The first GHS was carried out in 1971 and, except for breaks in 1997-1998 when the survey was reviewed, and 1999-2000 when the survey was redeveloped, the GHS has been administered continually since this year. Following the 1997 review, the survey was relaunched from April 2000 with a different design. The British Social Attitudes Survey (BSAS) was first administered in 1983, and has been conducted every year since, except in 1988 and 1992 when funding was devoted to the British Election Study (BES). However, in 1997 a scaled-down BSAS was also fielded in addition to the BES. The BSAS series produces annual measures of attitudinal movements to complement large-scale government surveys such as the General Household Survey and the Labour Force Survey¹⁸.

Data from both the GHS and BSAS are used to investigate the income, earnings, and personal and occupational pension coverage of various age groups, together with the extent of investment income accruing to individuals. Before starting, it should be noted that the BSAS is aimed at providing a representative sample of all those aged 18 and over, so the youngest group in the BSAS tables is now 18-24. Furthermore, the weighting applied to the BSAS accounts for selection of individuals in large and small households and is not a population weight. Also, many questions are only asked of one-third or two-thirds of respondents, though this should be clear from the tables where total frequencies are provided. Finally, it should be noted that the *National Centre for Social Research* does not issue guidance on the minimum cell size required for reliability and therefore it is suggested that readers discount the contents of cells with percentages that reflect less than 30 observations.

Earnings, pensions and retirement income

From the discussion in Chapter 2 in the section on Education and Training it would seem that the issue of age discrimination presents significant problems for policy makers, but also for empiricists interested in testing for the existence of this form of discrimination. Traditionally, economists have focused on differences in wages to identify the extent of discrimination in the areas of gender and ethnicity through the estimation of some form of Mincerian Wage Equation¹⁹. However, for a number of reasons mentioned previously, this approach would seem inappropriate when consideration is given to the issue of age discrimination – not least because many who claim to face discrimination of this sort emphasise the hiring and firing practices of firms, rather than unjustified differential

provision were removed, though the LFS continues to ask respondents about the type of state pension they receive.

¹⁸ In contrast to the LFS, there are no guidelines on the minimum cell size required for reliability of the GHS. However, the Social Survey division of ONS suggests that a minimum (unweighted) base of 50 should be achieved – this translates into approximately 150,000 cases.

¹⁹ When testing for the extent of, for example, gender discrimination, this econometric technique involves the estimation of an equation containing a number of socio-economic explanatory variables to determine the expected returns from employment. Following estimation of the parameters for the two separate male and female equations, the characteristics of the average female are entered into the male wage equation and a measure of discrimination estimated. The implicit question being asked is, 'What would the average woman earn if her labour market characteristics were remunerated in the same way as those of men?'. The 'residual' which cannot be accounted for by the differing labour market experiences of the two groups is considered as a measure of the extent of discrimination.

returns to employment (though a lack of promotion opportunities has also been noted: Bytheway, 1995).

Given this focus on factors other than earnings, significant time is not spent on an analysis of the wage profiles of various age groups. However, earnings are clearly a central measure of labour market discrimination in areas such as gender and ethnicity and it would seem necessary to set out the broad earnings and income profiles of various age groups as an element of the baseline.

To begin, consider the distribution of income according to the age of the Household Reference Person (HRP) in Table 2.31. This tends to mirror previous findings on the extent of work rich households and hours worked. Thus, amongst households where the HRP is of 'prime age' (aged 25 to 49), approximately one-half have gross weekly earnings in excess of £500, compared to only one-fifth of households with a younger HRP and just under 45 per cent of those households where the HRP is older, but below SPA. In contrast, over one-half of households where the HRP is aged between SPA and 75 have an income of between £100 and £300 per week.

Moving on to Table 2.32, a similar picture emerges for men who work full-time, with those aged between 25 and 49 being much more likely to have gross weekly earnings in excess of £350, when compared to both older and younger workers. In contrast, amongst men working part-time, there is a particular concentration of high earners amongst those who are aged between 50 and SPA, though just over half of this age group have weekly earnings of £150 or less. Also, for the majority of prime aged males part-time working is not particularly widespread and amongst the few of this age group that do work part-time, more than half have gross weekly earnings of £150 or less.

Considering the situation of working females Table 2.33 shows a similar pattern of earnings, though, in contrast to males, younger (25 to 39 years old) prime aged females are more likely to have earnings in the highest income bands. As the analysis of LFS data has suggested, part-time working is much more prevalent amongst women of all ages. However, in direct contrast to the men who work part-time, there is much less variation in the proportions of each age group within the various income bands. Thus, whilst prime aged females are slightly more likely to be earning over £300 per week, compared to both younger and older women, the majority of all age groups earn £150 or less per week.

We now investigate the present coverage of both occupational and personal pensions and, more generally, the extent to which individuals of different ages are preparing for retirement. As one might expect, the findings suggest that moving upwards through the age distribution the prospect of retirement looms larger and increasing proportions of individuals have some form of coverage. Research by Disney and Tanner (1999) into the results of the 1988-89 and 1994 *Retirement Surveys* suggests that expectations of retirement are often fulfilled, with just over half of their sample of respondents retiring when they expected. Of the individuals sampled, who were aged between 55 and 69 in 1988-89 and had not yet retired, nearly 28 per cent expected to retire at 60 and over half at the age of 65.

However, this still leaves a large proportion of individuals who do not retire as expected (the vast majority of whom retire before their expected retirement age) or who report that they do not know when they will retire – a view the authors consider to be valid in an

increasingly uncertain pensions environment. Thus, whilst younger individuals may not consider the need to begin pension contributions as a pressing issue, Table 2.34 shows that large proportions of older individuals have neither personal nor occupational pension coverage. In addition, a large proportion of individuals who are working after state pension age may be doing so due to a lack of pension income.

Table 2.35 gives some idea of the importance of personal pension plans as an element in this overall private pension coverage. Together with the two-tier state pension provision and employer occupational pension schemes, there are now a wide range of personal pension plans open to individuals. These have grown significantly since the 1986 Social Security Act allowed employees to choose whether they wished to participate in an employer's scheme, and also extended the contracting-out option to personal pensions and employer provided defined-contribution schemes.

These personal pension schemes showed significant initial growth and by 1992, approximately one-quarter of male and one-fifth of female employees had contracted out into personal pensions (Dilnot et al., 1994). Whilst the large amount of mis-selling of these funds raised serious doubts as to the validity of these new arrangements (Walker, 1999), by 1994 personal pensions still accounted for approximately one-fifth of the total value of all pension claims (Disney, 2000). However, it is still the case that even amongst men in the 50 to 64 age group over one-half have never had a personal pension – for women, the figure is over three quarters.

In contrast, Table 2.36 shows clearly the extent to which occupational schemes remain the major form of (private) provision for retirement for both men and women of all ages. The popularity of such schemes has a long history and by 1956, 4.4 million employees were covered by such arrangements (previously cited). The importance of occupational pensions continued to increase until the mid-1960s when the introduction in 1961 of a modest 'second-tier' earnings-related state pension (expanded in the 1975 Social Security Act when the State Earnings Related Pension Scheme or SERPS was introduced) slowed the expansion of occupational schemes – despite efforts to avoid the substitution of this scheme for private sector provision by allowing those covered by occupational pensions to opt out of SERPS.

A particularly interesting aspect of Table 2.36 is the relatively larger proportion of individuals aged between 50 and SPA whose employers have a scheme, but who are not members and the correspondingly lower proportion of those who are members of an existing scheme – when compared to males and females aged between 25 and 49. Finally, Table 2.37 supplements the findings of Table 2.34 with data taken from the BSAS asking individuals aged between 18 and SPA where they consider their main source of income will come from when they retire. As can be seen, it is still the case that almost one-fifth of individuals aged between 25 and 39 predict that their main source of income in retirement will be the State Pension, with the figure rising to two-thirds when considering those aged between 50 and SPA.

These findings tend to reflect the views of individuals on the relative responsibilities of Government, employers and individuals, gained from the BSAS, with approximately 60 per cent of those asked suggesting that the Government should pay for retirement, compared to 30 per cent who think that the individual or family should provide (the remainder believe that the employer should pay). Furthermore, it is perhaps surprising

that there is little variation across age groups in terms of these views towards responsibility in retirement. In contrast, there is a clear pattern across ages when one asks individuals for their views on whether the young should spend their money now and worry about retirement later or start planning for retirement. These range from approximately half of those who are aged 18-24 thinking that they should now consider saving for retirement, to over 80 per cent of those aged 65-75 who think that the young should be preparing.

Attitudes towards age and retirement

One of the common themes running through the literature on age discrimination is the suggestion that 'attitudes' towards both older and younger individuals need to change (Taylor and Walker, 1998; Redman and Snape, 2002). The introduction of age legislation has always been seen as an important stage in achieving such change. This section of the report sets out an analysis of various age-related issues covered in BSAS, to provide information on this aspect of the baseline.

To begin, Table 2.38 sets out the views of individuals on the extent to which they consider employers in Britain to view older job applicants less favourably. This is a striking finding and confirms the results of an extensive literature investigating the situation of those aged over 50²⁰. Furthermore, whilst the proportion that consider that employers discriminate against older individuals 'a lot' increases as we move upwards through the age distribution, it is interesting to note that the perception of discrimination against this group is still strong amongst the young, though they are more likely than older individuals to consider that it happens 'sometimes'²¹.

Table 2.39 sets out peoples views towards these perceived discriminatory practices, with individuals of all ages (59 per cent) likely to consider this as something that is usually or always wrong – though one-quarter of those aged between 18 and 24 do seem ambivalent. Thus, the results of this report, together with the additional literature outlining the perceptions of younger individuals who feel that they also face discrimination (*Department for Work and Pensions, 2001*), would seem to support the view that there is both a widespread perception that age discrimination exists and, importantly, that this is not a desirable situation.

The final table in this section of the analysis provides information from the 2000 BSAS survey on the question of mandatory retirement ages. As can be seen from the way in which the question is formulated, this issue is often considered in a way that sets the interests of those from younger age groups against those of older individuals. As Table 2.40 suggests, the issue is often considered within the context of labour turnover, with almost one-third of most age groups considering that mandatory retirement ages are essential to force older workers to 'make way' for those of a younger generation. However, as Meadows (2003) suggests, whilst at any one point in time there may be a finite number of jobs, this approach does not take into account factors such as the increased income, and therefore consumption, generated by those who continue to work

²⁰ See for example the results of a survey carried out by MORI as part of the DWP *Age Positive Campaign*, published 2002.

²¹ A similar question asked in the 2000 BSAS Survey which does not mention the attitudes of employers, rather the extent of prejudice when getting a job, elicits similar responses.

into old age. Thus, it would seem rather short sighted to consider the continued employment of older individuals as only being possible at the expense of reduced employment probabilities for the young – a view more closely linked to policies such as the *Job Release Scheme* introduced in the 1970s.

It is also worth noting the results of another question contained in the 2000 BSAS survey, which asks retired individuals about their situation. Amongst the 700 retired individuals who answered a range of questions regarding the reasons for retirement, almost four-fifths suggested that they did not have to retire because of their employer's policy. Though this could be interpreted in a number of ways, it does provide some evidence that the implications for employers and employees of the removal of mandatory retirement ages may be less than was previously thought.

Summary and implications of GHS and BSAS Baseline

One of the first aspects of our analysis of the GHS and BSAS considers the distribution of earnings and income across age groups. As suggested, such an analysis is mainly included for consistency, with the differences across age groups tending to reflect the increased work effort and higher earnings of 'prime-aged' males and females. However, if one takes a more dynamic view there has been a clear trend during the past two decades that further underlines the increasingly disadvantaged status of older, particularly male, workers. Thus, work by Campbell (1999) shows that from 1979 to 1997, even as the proportion of older males in employment declined, the wages of those who remained in work fell relative to men in their mid-40s.

Furthermore, as Gregg, Knight and Wadsworth (1999) show, one important component of this increasing disadvantage, is the harsher penalties suffered by those older individuals who move out of employment. Thus, those aged 50 or more who return to work following a period of unemployment, face an average wage which is only three-quarters of that they could have expected had they continued in employment. In contrast, those aged between 25 and 49 can expect to earn more than 80 per cent of their previous wage. When one combines these results with the fact that many older individuals have been encouraged to move on to 'relatively' generous benefits, we have a combination of reduced opportunities and higher reservation wages.

Regarding the viewpoint of employers, the earnings of an individual in later life are an important factor when considering the possible implications of the removal of mandatory retirement ages. However, as Meadows (2003) points out there seems little evidence to support the view (Lazear, 1979) that mandatory retirement ages are an essential part of contracts which pay less than the value of marginal product (MP)²² in early years and more than MP in later life – the implication being that the removal of firms' ability to set mandatory retirement would increase the proportion of 'overpaid' older individuals. Rather, evidence would suggest that those aged over 50 actually earn less than their middle-aged counterparts.

The analysis of earnings identifies just over 30,000 relatively high-earning men who are working on fractional contracts in later life. Whilst this number is relatively small, it does

²² The marginal product of labour is the additional output produced when an extra unit of labour (for instance, one additional hour of working) is employed.

provide support for the notion that some groups of (mainly male) older individuals may have the opportunity to remain attached to the labour market through part-time working, which is not necessarily in the low-paid and insecure mould. This finding is supported by the work of Smeaton and Lissenburgh (2003), though they do underline the fact that this is more the case for men from advantaged backgrounds, when compared to women and those from lower occupational categories.

Analysis of both personal and occupational pension coverage identifies a worryingly high proportion of employed individuals who do not have some form of private cover and, from the BSAS, a high proportion of the population who expect the State Pension to be their main source of income in retirement. In latter sections of this report, consideration is given to this issue within the context of employer provision of pensions (set out in Chapter 3 in the section on Employers' Pension Provision Survey, 2000).

Moving on to consider the results from the BSAS concerning individuals' views on various aspects of age discrimination in employment, there would seem to be a widespread perception that age discrimination exists and that this is not desirable. However, it is harder to evaluate the extent to which views on the extent of age discrimination in employment have actually undergone change in recent decades. Thus whilst an extensive literature has been generated, comparison through time is particularly difficult. Many surveys concentrate on the views of managers (Metcalf and Thompson, 1990; Taylor and Walker, 1994; McGoldrick, 1996); some only consider the views of older individuals (Walker, 1993; Fell and Foster, 1994), whilst more recent studies, as part of the DWP *Age Positive Campaign*, have been more widely administered (for a review see, Boaz, Hayden and Bernard, 1999). As a result, it is extremely difficult to identify any trends in the perceptions of younger and older individuals, as we do not have one consistent measure over many years. Even considering the large survey databases such as the BSAS, questions on ageing are asked intermittently.

Studies that attempt to evaluate the extent of change over a number of years tend to be based on the results of one survey asking individuals if they have perceived a change in attitudes, rather than on objective observation over a number of years. In particular, Hayward et al. (1997) found that the majority of a sample of employers perceived little change in attitudes towards older workers in their organisation over the previous decade. Furthermore, whilst the results of the survey carried out as part of the DWP *Evaluation of the Code of Practice on Age Diversity in Employment* do suggest some change, it is only considered over a limited time period. Thus, whilst approximately one-quarter of respondents in the older peoples' survey had noted some change in the way their employer dealt with a range of issues, this was only over a six-month period. Furthermore, many of these changes were aimed at encouraging retention and recruitment of younger workers. Therefore, of the evidence that does exist, there would seem to be little change in attitudes over time.

GHS and BSAS: key findings for baseline tracking

- Approximately one-half of households where the HRP is aged 25 to 49, have gross weekly earnings in excess of £500, compared to only one-fifth of households with a younger HRP and just under 45 per cent of those households where the HRP is older, but below SPA. In contrast, over one-half of households where the HRP is aged between SPA and 75 have an income of between £100 and £300 per week.

- Research suggests that expectations of retirement are often fulfilled, with just over half of a sample of respondents retiring when they expected. Of the individuals sampled, who were aged between 55 and 69 in 1988-89 and had not yet retired, nearly 28 per cent expected to retire at 60 and over half at the age of 65.
- Even amongst men in the 50 to 64 age group over one-half have never had a personal pension – for women, the figure is over three-quarters.
- Almost one-fifth of individuals aged between 25 and 39 predict that their main source of income in retirement will be the State Pension, with the figure rising to two-thirds when we consider those aged between 50 and SPA.
- Approximately 60 per cent of those asked suggested that the Government should pay for retirement, compared to 30 per cent who think that the individual or family should provide (the remainder believe that the employer should pay).
- Approximately half of those aged 18-24 think that they should now consider saving for retirement, whilst over 80 per cent of those aged 65-75 think that the young should be preparing.
- There is a strong belief amongst individuals of all ages that employers in Britain view older job applicants less favourably.
- Furthermore, a large proportion of individuals of all ages are likely to consider this as something that is usually or always wrong.
- Almost one-third of most age groups consider that mandatory retirement ages are essential to force older workers to 'make way' for those of a younger generation.
- Research suggests that those aged 50 or more who return to work following a period of unemployment face an average wage which is only three-quarters of that they could have expected had they continued in employment. In contrast, those aged 25 to 49 can expect to earn more than 80 per cent of their previous wage.
- There are very few (just over 30,000) relatively high-earning men who are working on fractional contracts in later life.

3

The employer perspective

From the analysis of BSAS data there would seem to be a clear perception amongst the population in general that age discrimination in employment is common, particularly when one considers firms' recruitment and retention of older individuals. Many of the surveys cited in the previous chapter identify line managers' attitudes towards, and beliefs about, older workers as being significant obstacles to the recruitment, training and promotion.

However, these views are offset by the range of positive examples of employer practices towards older individuals. Thus, many employers have taken steps to attract/retain what they have found to be a reliable, skilled workforce with rates of turnover lower than those employees of lesser years (Urwin, 1996; *Department for Work and Pensions*, 2001a). As an example, W.H.Smith found that it cost £2,500 to replace a junior retail worker, and that workers in their 20s had rates of turnover four times higher than older workers (*Employers Forum on Age*, 1996). Groups such as the *Employers Forum on Age* (EFA); *Third Age Employment Network* (TAEN); *Age Concern* (AC) and *The Third Age Challenge Trust* (TACT) have helped to alert employers to the benefits of employing older individuals.

Having provided an analysis from the individual or household perspective, descriptive statistics are now presented on the age dimension across a range of workplace characteristics. It should be noted that some of the information contained within WERS98 has already been extracted from the LFS. As an example, we do not analyse the data available in WERS98 on the incidence of part-time working amongst males and females, as the previous analysis of the LFS allows us to pinpoint such figures more accurately. However, the section does begin with some repetition of the tables analysing the age distribution of various industry sectors and amongst firms of different sizes, in order to confirm the findings of the previous section.

1998 Workplace Employee Relations Survey (WERS98)

The 1998 WERS has a sample frame of 3,200 workplaces with at least ten employees, drawn from the Inter-Departmental Business Register (IDBR)²³. Of these 3,200 workplaces, 2,000 have 25 or more employees, 250 have 10-24 employees and responses have been gained from 2,191 (a 70 per cent response rate). WERS98 allows for the identification of the proportion of employees within a workplace that are aged 20 or less, or over 50. One limitation of this part of the analysis relates to the weightings applied to these data. Specifically, the weight supplied in the dataset, which allows users to weight cases to represent the population of firms in GB as a whole, is not suitable for the analysis required for this study. Therefore tables created in the following analysis are

²³ The IDBR holds details of all businesses that run a Pay-As-You-Earn (PAYE) tax system or register for Value Added Tax (VAT).

weighted to reflect the sample under consideration, rather than the population of GB companies as a whole.

Firm characteristics and the age distribution of the workforce

To begin, Tables 3.1 and 3.2 simply provide a comparison with the findings of the previous section and tend to confirm the results of the analysis of LFS data. Thus, from Table 3.1 there would seem to be a tendency for the largest firms to have less than 5 per cent of their workforce made up of younger workers aged 20 or less, whilst larger proportions of firms with less than 25 employees are more likely to have individuals from this age group in their workforce. For those aged over 50, there would seem to be a compensating higher incidence of older individuals amongst the largest firms. Table 3.2 confirms the previously identified tendency for a higher proportion of older individuals to be working in the *education* sector, in direct contrast to *financial services* where they are somewhat under-represented.

Given the close association between age and tenure and the fact that the majority of people do not regularly change jobs, it is perhaps unsurprising that Table 3.3 shows a higher concentration of older individuals amongst firms which have been in existence for longer. Thus, more than two-thirds of firms that have been trading for 25 years or more have 10 per cent or more of their workforce aged over 50. In contrast, amongst firms that have been around for less than five years, over 40 per cent have no employees aged over 50. However, whilst such figures may arise simply because of the link between age and tenure, it is also possible that many of these new firms have emerged as a result of technological change over the past decade – in this case their close association with younger workers could be construed as discriminatory as these firms search for young, 'dynamic' workers who are 'in touch' with new technology.

As a result of legislation, trade unions have had their powers severely reduced since the 1970s (Shackleton 1998). Thus, unionised employees, who have typically enjoyed a pay mark-up in relation to non-unionised labour with similar qualifications and experience, have seen this source of advantage disappear. Traditionally, union membership (because of industrial and regional concentrations) has tended to be concentrated amongst older, particularly male, workers (Shackleton and Urwin, 2000). Thus, one of the interesting elements of the recent debate surrounding the use of early retirement and voluntary redundancy is the situation of labour representatives. One would expect, from a *Political Economy* perspective, that the preferences of this group should predominate in any decisions taken by unions, with the generous severance agreements negotiated during the restructuring of the 1970s and 1980s seeming to support this notion.

However, the research outlined in previous sections of this report highlights the differing experiences of older individuals who previously exited employment under these agreements. Clearly, this presents unions with something of a dilemma, as it is still the case that employers who announce the possibility of labour force reductions often attempt to soften the blow by stating that voluntary redundancy and early retirement will be implemented where possible. Given that this approach is adopted in an attempt to avoid compulsory redundancies, it is hardly surprising that unions tend to support such moves and simply try and get the best packages possible for their members. However, this approach has come under increasing attack, as the packages are clearly aimed at attracting older individuals into early exit from the labour market.

Table 3.4 shows a clear tendency for the percentage unionisation of the workplace to be higher amongst companies with low proportions of those aged less than 21. Thus, whilst more than two-thirds of firms with 50 per cent or higher union membership have no members of their workforce aged below 21, less than one-third of firms with less than 10 per cent union membership have no workers in this age range. When considering the proportions of those aged over 50, the differences tend to be less stark, but it is still the case that firms with union membership rates of between 10 and 50 per cent are much more likely to have more than 10 per cent of their workforce aged over 50. Thus, it would seem to be the case that unionisation of the workplace is still associated with older, rather than younger workers.

When considering the extent to which the type of ownership of the firm is associated with different proportions of older and younger workers within an establishment, analysis of WERS98 data identifies very little systematic difference. Thus, the concentrations of old and young are similar, whether the workplace is a single establishment or part of a larger group of workplaces. Similarly, the extent to which the company is owned by a single family/controlling interest and whether these individuals are involved in the day-to-day running of the company, would seem to have little impact.

However, Table 3.5 does show some relation between the age distribution within the firm and the extent to which it is UK or foreign owned. Of those foreign owned firms included in WERS98, over 90 per cent have less than 10 per cent of their workers aged 20 or under, a much higher percentage than for other firms who are wholly or partially foreign owned. In contrast, almost one-third of firms that are split equally between foreign and UK ownership, have a fifth or more of their workforce under the age of 21, a much higher proportion than is seen amongst other ownership types. Furthermore, for those firms that are split equally between foreign and UK ownership there are particularly low proportions of workers aged over 50, with nearly three-quarters of these firms having no workers from this age group.

Together with the less positive findings one identifies amongst the literature on firms' attitudes towards older individuals, there is a clear tendency for managers to view older workers as more reliable, more experienced in the workplace and having higher levels of loyalty (manifested in their lower rates of turnover), when compared to younger employees (previously cited). Considering Table 3.6, it would seem that managers are also more likely to report that their employees are fully committed to the values of the firm, if their workplace has a high proportion of older workers.

Whilst the 90 per cent of firms with less than 10 per cent of their workforce aged under 21, who strongly disagree with the statement on commitment, would seem to run counter to this argument, it should be noted that there are very few firms in this category. Similarly, the 'strongly disagree' category in the part of the table which analyses the proportion of over 50s would also seem to contradict this supposition. However other than this, there is a clear tendency for firms which consider their employees to be committed, to be more likely to have less than 10 per cent of their workforce made up of those under 21 years of age. In contrast, firms that are more likely to consider themselves as having a committed workforce are less likely to have a low proportion of older workers.

Before concluding this section of the report dealing with the age dimension from the employer or firm perspective, Table 3.7 sets out the link between the age distribution of the firm and the extent to which recruitment and selection, and equal opportunities, form part of the job of supervisor at the workplace. Regarding recruitment and selection, there would seem to be some support for the proposition that workplaces where this does form part of the remit of supervisors are associated with higher proportions of older, and lower proportions of the youngest, workers. However, there would seem to be less of a pronounced age difference when one considers the extent to which supervisors have control over equal opportunities.

Finally, in order to assess the relative positions of older and younger workers within the labour market, it is useful to gain some idea of their concentration in firms with more or less favourable prospects. From Table 3.8, it would seem to be the case that older workers tend to be concentrated in mature or declining markets. Thus, between 30 and 40 per cent of firms that consider their market to be declining or mature, respectively, have a fifth or more of their workers aged over 50. In contrast, just over a quarter of firms in growing markets have such high percentages of over 50s in their workforce. Consideration of the concentrations of those aged less than 21 suggests that they are more concentrated amongst firms in growing markets. Given this last finding it would seem reasonable to suggest that the situation of older workers, even in the absence of early retirement and voluntary redundancy programmes, may be more tenuous than their younger counterparts.

Age and the personnel policies of firms

WERS98 allows us to identify the extent to which firms include an age dimension within their personnel policies, together with characteristics relating to the implementation of these policies. The first aspect analysed is the extent to which managers consider different characteristics, such as qualifications, experience and age, when recruiting new employees. The data for these aspects are collected through repeated questioning, though there is no hierarchy attached to their first, second or subsequent considerations.

When considering the combination of these responses in Table 3.9 it is the case that, at some point during their response to this question, nearly one-quarter of managers say that they consider age in the recruitment process. In a related point, it is interesting to note that two-thirds consider qualifications, and almost 90 per cent experience, as an important consideration – characteristics which are seen to be closely associated with, respectively, younger and older workers. Thus, it is unclear whether one would expect to find some relation between the extent to which age is considered in the applications process and the predominance of certain age groups within these workplaces. However, the results of analysis by Anderson, Millward and Forth (2002) do suggest that consideration of age in the recruitment process is more closely associated with workplaces that have a younger age distribution.

Thus, it is perhaps to be expected that groups such as *The Employer's Forum on Age* (EFA) retain a particular focus on the situation of older workers and the need for firms to recognise this group of individuals as an important and valuable resource. As a result there have been a number of cases where firms have made positive efforts to attract older individuals when advertising for vacant positions. WERS98 contains information on this aspect of firm behaviour, asking, 'When filling vacancies, do you have any special

procedures in place to encourage applications from the following groups?'. However, when one considers all firms in the sample, Table 3.9 suggests that just over 5 per cent of firms have mechanisms that specifically encourage applications from older individuals. Finally, Table 3.9 shows that, of the workplaces included in the WERS98 sample, just over two-thirds confirm that they have a formal written policy on equal opportunities, and of these 41 per cent tackle questions of age in this document.

To conclude this section of the report, there would seem to be mixed evidence on the extent to which employers had introduced an age dimension into various aspects of their HR Policies by 1998. Given that WERS98 is now 5 years old, we may expect many more firms to have begun the process of tackling issues of age diversity in the workforce in the intervening period. However, even if this is the case, one aspect of Table 3.9 that does question the effectiveness of these policies, is the fact that only two per cent of firms alert individuals to their equal opportunities policies during the applications process. Most firms simply place it in the staff handbook, in the letter of appointment or disseminate the contents in other ways that imply that the applicant has already been appointed. Given that much of the motivation behind the introduction of age legislation has arisen as a result of the perception that older workers are discriminated against in the applications and interview process, this would not seem encouraging.

Summary and implications of WERS98 Baseline

Up to this point various sections of the analysis have underlined the central role that skills and experience play in the situation of younger and older individuals and this is also the case when analysing the age dimension from the employer or firm perspective. Thus, the findings from surveys that identify managers' attitudes as barriers to older worker employment often cite the lower returns to investment in human capital and the perceived lack of relevant skills as reasons for many negative attitudes (Hayward et al., 1997). In the reports that accompany these studies, these views are considered discriminatory, though, as the discussion in Chapter 4 suggests, such judgements must be considered carefully. Furthermore, when analysing the age distribution across firms of differing ages, younger firms seem more likely to be staffed by younger workers, a finding that may imply an age bias in the hiring amongst firms that specialise in new technology, or a corresponding lack of relevant ICT skills amongst older individuals.

In contrast to this, additional literature has identified clear evidence of good practice amongst many employers (*Department for Work and Pensions*, 2001a) and the analysis of WERS98 suggests that firms employing older workers are also likely to perceive their workforce as committed. In addition, there would seem to be some evidence of a link between the existence of an equal opportunities policy which tackles issues of age and the age distribution within a firm – specifically, such firms may be more likely to have a better representation of older individuals.

Thus, there would appear to be variation between firms, with those who implement certain elements of good practice having some impact on the diversity of ages within the workforce. However, studies that have attempted to quantify the business benefits of such equal opportunities policies (Forth and Rincon-Aznar, 2003), have produced evidence that is at best mixed. This is perhaps unsurprising, given that the most important aspects of such initiatives may be the more 'intangible' elements, such as the exact method of implementation and communication of such policies and practices,

which are likely to influence the spread of a 'culture' of acceptance within the firm. As suggested, the fact that few firms alert applicants to the existence of their equal opportunities policies in the recruitment process is unlikely to encourage applicants from a broad range of ages.

More specifically, when one considers the aspect of age, there would seem to be something of a contradiction in the policies of firms and labour representatives. Many firms and unions (see press release, Brendan Barber, General Secretary of the TUC, 2nd July 2003) seem to support the introduction of age legislation. However, the policies that result from negotiations when labour force reductions are required often seem to directly contradict those that are in place to recruit and retain older individuals. Thus, whilst we may expect the proposed changes to statutory redundancy payments contained in *Age Matters* to reduce the attractiveness of such packages, it could be argued that this will not necessarily reduce the extent to which they are used following the introduction of legislation. It is also worth considering whether the use of such policies, which are clearly not age-neutral, would come under attack.

If unions continue to support such packages, our finding that older individuals are more likely to be represented in establishments where union coverage is more widespread, suggest that the exit of older individuals from the labour market might continue into the future. Also, whilst analysis of LFS data suggests that the concentration of older and younger workers within certain industries has decreased to such an extent that older workers are less likely to suffer disproportionately from the decline in certain sectors, the findings from WERS98 imply that they may still face disadvantage. For instance, older individuals are more likely to be working in firms where the market is considered to be mature or declining.

Employers' Pension Provision Survey, 2000

As suggested in Chapter 2 in the section on General Household and British Social Attitudes Surveys 2000/2001 when one links falling activity rates and an ageing of the population, it is understandable that a lot of interest has been generated in pensions and the issue of retirement in general. The use of early retirement packages by firms has been seen to contribute to this move towards early exit from the labour market, whilst pension arrangements that are based on final year salaries may have reduced the extent to which workers and employers may consider more flexible retirement options.

The Employers' Pension Provision Survey (EPPS) has previously been carried out in 1994, 1996 and 1998, with this section of the report utilising the results of the 2000 survey, as presented in the report by Smith and McKay (2002), produced by the *Policy Studies Institute* for the *Department for Work and Pensions*. The 2000 survey is based on evidence from 1,977 private sector organisations, accounting for 2.8 million workers. The aim of the 2000 study was to update understanding of pension provision and non-pension provision amongst employers and therefore the Employers' Pension Provision Survey 2000 report also refers to the results of the 1994, 1996 and 1998 studies²⁴. As with WERS98, the firms included in the sample are taken from the IDBR and of those contacted, 71 per cent provided responses. Whilst two-thirds of the survey's

²⁴ Though it should be noted that a change in sampling frame in 2000 does limit comparability between the surveys.

respondents were firms with five or fewer employees and only two per cent of organisations employed 50 or more employees, the very few large firms that had at least 1000 employees employed 38 per cent of all workers in the sample.

As a result of the large numbers of small firms surveyed, only seven per cent of private firms had an occupational pension scheme, whilst amongst firms with 1,000 or more employees the coverage was 80 per cent. In addition, nine per cent of organisations operated some form of Group Personal Pension Scheme (GPP), whilst 17 per cent reported that they made contributions to their employees' personal pension plans²⁵. Given the distribution of firms in the sample, this translates into 72 per cent of employees in private sector firms having some form of employer provided pension provision. More specifically, 53 per cent of employees worked for a private sector organisation providing an occupational scheme and 28 per cent of employees were employed in firms that provided some form of GPP.

Table 3.10 shows how certain industry sectors are more closely associated with some form of provision than others and the variations by sector in the form that this provision takes. Thus, whilst the figures for *Agriculture, Fishing, Energy and Water* are too small to cite, there would seem to be a tendency for the service sector to be less likely to provide some form of cover for their employees, whilst the manufacturing sector has a much higher level of coverage than any other. In addition, those private organisations that operate within the *Public Admin, Health and Education* sectors are most closely associated with the administration of occupational schemes. Considering, only service sector firms, the use of occupational schemes in banking and finance probably reflects the predominance of workers in higher occupational categories. It is also clear that a large number of firms have taken advantage of the growth in personal pensions, either by setting up GPPs or providing particular schemes for their employees.

As mentioned previously, it has often been suggested that the use of defined benefit / salary-related occupational schemes (where the benefits accruing to the individual on retirement are often linked to their salary during the final year(s) of employment) may represent a barrier to the adoption of more flexible forms of working in later life (Emmerson, 2002). As can be seen from Table 3.11, whilst these schemes are not particularly widespread amongst employees in smaller firms, many of those working within large firms of 20 or more employees are covered by such arrangements and more than one-half of these firms have a salary-related scheme. However, when considering employees in larger private firms, more than a tenth were working in establishments where the occupational schemes had been closed to new recruits and 13 per cent could only join if they were members of the senior management team.

Discussion in the following section of this report suggests that more work may be required on the detailed implications for firms' HR policies of changes to retirement and pension arrangements stemming from the introduction of legislation. Whilst the EPPS does not ask employers about their motivations for the provision of certain types of pension, it is possible to gain an idea of the reasons why some firms choose **not** to provide a pension scheme to their workers²⁶.

²⁵ Though this does not necessarily apply to all employees of the firm in question.

²⁶ From October 2001 employers have been obliged to provide access to a Stakeholder Pension, unless they already operate occupational schemes, provide three per cent or more employer contributions to a personal pension plan or have less than five employees. The data presented here refer to the period

Table 3.12 provides a summary of these reasons for firms of various sizes. Thus, the majority of smaller firms believe that the schemes are not appropriate for such a small firm or that the expense incurred is restrictively high. Amongst the larger firms such reasoning is also common, as is the idea that staff have never asked, and/or do not want, a pension scheme. Of the other reasons, it is perhaps surprising to note that over ten per cent of the larger firms cite high staff turnover as a disincentive, especially given that evidence suggests that the use of such schemes reduces staff turnover (previously cited). Thus, firms' reasons for not implementing schemes would seem to be particularly varied and it is therefore possible that one may observe similar variation when considering the reasons for the implementation of such schemes.

Whilst we cannot obtain information on these possible reasons, the EPPS does allow for the analysis of change over a limited time period, and the plans of firms in the future. From Table 3.13 there is a clear tendency for fewer firms to be involved with defined benefit/salary-related occupational schemes, though the only statistically significant fall is amongst larger firms between 1996 and 1998. Given that these 'traditional' schemes are seen as those most likely to tie an individual to the firm they are working for, it is possible that firms may now see the direct and associated costs of this type of scheme as outweighing the benefits in terms of any increase in employee loyalty and reduction in turnover. However, this fall in the number of firms providing schemes is mirrored for most of the major types of scheme analysed and the most striking aspect of the table is the fall in the number of firms that provide any type of scheme for their employees.

In fact, the only growth seems to be amongst firms that operate a GPP and this is likely to reflect a continuing desire amongst employers to offer some form of provision for their employees, without bearing the costs (and more importantly the risks) associated with other forms of occupational pension. This move away from occupational, to some form of personal, pension provision is confirmed in Table 3.14 with many firms considering such a move. Amongst firms that presently operate an occupational scheme, but currently have no GPP in place, over 10 per cent are considering introducing the latter. In contrast, very few firms that are, at present, operating mixed or personal schemes, would seem to be considering the introduction of a GPP scheme. However, more striking is the fact that over half of firms which were operating an occupational scheme, had considered contributing to the personal pensions of their employees. These figures underline the move away from occupational to personal schemes, which may be expected to continue into the future, even in the absence of any effects arising from the introduction of age legislation.

Finally, Table 3.15 shows a clear tendency for firms to implement 'normal' pension ages of either 60 or 65, irrespective of the scheme they are operating, or the sex of their employees. Furthermore, whilst a majority of firms operate schemes which set normal retirement ages for men and women of 65 years old, there are a surprisingly large number who have this set to 60. Furthermore, it is interesting to note the extent to which schemes that have been closed to new members are predominantly associated with a normal retirement age of 60 (four-fifths of closed schemes), giving some idea of the financial strains placed on firms operating these.

before the introduction of this piece of legislation, hence the option, 'choose not to provide a pension' is a valid response from employers.

Summary and implications of EPPS Baseline

It should be noted that, whilst the preceding analyses of pension provision from both the employer and employee perspectives should prove useful in defining a baseline for this aspect of the investigation, there are a number of avenues of research that fall beyond the scope of the present study and it is suggested that readers refer to the results of the Inland Revenue (IR) consultation process, *Simplifying the Taxation of Pensions: Increasing Choice and Flexibility for All*. For instance, whilst the removal or raising of mandatory retirement ages may increase variation in the age at which people exit the labour market, it is possible that the financial details of firms' pension arrangements could skew incentives to such an extent that individuals are still 'encouraged' to retire at a certain age, prompting accusations of indirect discrimination.

Furthermore, it is recognised that much work has been carried out into the incentive effects of occupational pension schemes for employees (Blundell, Meghir and Smith, 2002; Disney and Emmerson, 2002) and additional work²⁷ is likely to shed further light on the motivations behind such policies. However, one would expect any changes to retirement and pension arrangements stemming from the introduction of legislation to impact on the HR policies of firms. In addition, the recent performance of the stock market will clearly have an impact upon the individual's decision to retire and, all other things remaining equal, a reduction in the value of pension fund investments is likely to force many individuals into deferring retirement. Thus, it is suggested that further research may be required in this area.

Having said this, one of the main findings of the Employers' Pension Provision Survey would seem to be the move away from occupational, defined benefit pension schemes and increasing provision of personal (or GPP) schemes. Considering such moves within the context of older workers, it may signal an improvement in their employment probabilities as a greater number of firms become less concerned with the non-wage costs of employing older recruits (which could be quite substantial if they operate final salary schemes). However, as the past few years have shown, there is a risk associated with the provision of defined contribution schemes and whilst firms have traditionally borne most of this – and therefore many have suffered in the recent stock market downturn – this has also become increasingly true of individuals who have seen the value of their pension funds deteriorate.

In addition, moves away from occupational schemes may increase labour mobility in the jobs market. Using data from the British Household Panel Survey, Disney and Emmerson (2002) investigate the subsequent labour market mobility of employees who had been offered the chance to join an employee scheme, but had opted to join a personal pension plan instead. The authors' findings suggest that, after controlling for other characteristics, these individuals are 5.6 percentage points more likely to subsequently change jobs. Furthermore, the results also support the proposition that mobility is likely to be lower for those in defined benefit schemes. Thus, when one considers the moves towards personal pension plans of various forms and the suggestions contained in the recent IR consultation exercise, *Simplifying the Taxation of*

²⁷ Department for Work and Pensions (forthcoming, 2003), "Pension Scheme Changes and Retirement Policies: an Employer and Employee Perspective", Social Research Division.

Pensions: Increasing Choice and Flexibility for All, we may expect an increase in labour market flexibility.

However, as Mayhew (2001) suggests, occupational pensions are well regarded amongst the population and also, as one would expect, occupational pension provision is closely linked to standard of living in later life. This underlines the dilemma for policy makers in this area of the study. If one encourages pension provision, then there is evidence to suggest that early retirement is more likely amongst those with occupational pensions (Blundell, Meghir and Smith, 2002). However, if occupational pension coverage falls (or defined contribution occupational plans become even more extensive) then risk is shifted to individuals and one may expect an increase in the number of pensioners requiring state support.

Reviewing the report produced by McKay and Smith (2002) underlines the clear differences that exist between large and small employers, with very small proportions of the latter providing any form of coverage for their employees. This is to be expected, given the costs associated with administration of such schemes and does underline the precarious nature of many small firms. The *Age Matters* consultation document recognises the fact that the costs of compliance are likely to be relatively high for small firms and also, given that they are more likely to employ those aged over 65, they may have a higher probability of facing tribunal cases.

WERS98 and EPPS: key findings for baseline tracking

- There would seem to be a tendency for the largest firms to have less than five per cent of their workforce made up of younger workers aged 20 or less, whilst larger proportions of firms with less than 25 employees are more likely to have individuals from this age group in their workforce.
- There is a higher concentration of older individuals amongst firms that have been in existence for longer.
- A clear tendency for the percentage unionisation of the workplace to be higher amongst companies with low proportions of those aged less than 21 – unionisation of the workplace is still associated with older, rather than younger workers.
- A tendency for managers to view older workers as more reliable, more experienced in the workplace and having higher levels of loyalty (manifested in their lower rates of turnover), when compared to younger employees.
- Managers are also more likely to report that their employees are fully committed to the values of the firm, if their workplace has a high proportion of older workers.
- In contrast to our sectoral findings from the LFS, it would seem that older workers tend to be concentrated in firms operating in mature or declining markets.
- Nearly one-quarter of managers say that they consider age in the recruitment process.

- Just over five per cent of firms have mechanisms that specifically encourage applications from older individuals.
- Just over two-thirds of workplaces confirm that they have a formal written policy on equal opportunities, and of these 41 per cent tackle questions of age in this document.
- EPPS data suggests that 72 per cent of employees in private sector firms have some form of employer provided pension provision. More specifically, 53 per cent of employees worked for an organisation providing an occupational scheme and 28 per cent of employees were employed in firms that provided some form of GPP.
- EPPS data also suggests that the majority of smaller firms believe that occupational schemes are not appropriate or that the expense incurred is restrictively high.

4

Conclusions

This final chapter of the report draws out the main themes of the study and relates them to some of the proposals included in the DTI's recent consultation document, *Equality and Diversity: Age Matters*. Firstly, from the discussion in the section on Changing economic activity rates and population ageing in Chapter 2 and subsequent analysis of the situation of older and younger individuals, it is clear that much of the motivation for the introduction of legislation has arisen in response to the experiences of older individuals. Furthermore, *Age Matters* suggests that, 'legislation on age discrimination is likely to result in increased participation rates for older and younger workers' (paragraph 1.11).

Firstly, it should be noted that falling participation amongst both younger and older individuals does not necessarily reflect disadvantage in the labour market. Though this may seem somewhat of a trivial statement when considering the increasing proportion of younger individuals who postpone entry into the labour market to continue with their education, even for older age groups, the same caveat should be applied. Economic theory suggests that a rise in real incomes will produce two conflicting effects. Secondly, higher income levels increase the opportunity cost of leisure, causing individuals to substitute consumption for leisure, by working more. In opposition to this, the increased income allows an individual to attain a given level of utility with less hours of work, inducing a reduction in the number of hours worked (assuming consumption and leisure are normal goods).

The overall change in hours worked will depend on the relative strengths of these income and substitution effects and, if leisure is a normal good, rising real incomes are likely to result in individuals consuming more leisure over their lifetime. Whilst flexible forms of working are relatively widespread in the UK, there are many penalties associated with the adoption of, for instance, part-time working over an individual's lifetime. Therefore, it would seem reasonable to expect a continued increase in average earnings amongst the population to result in a 'bunching' of this leisure towards the end of working life.

It is therefore more appropriate to consider the possibility that 'patterns' of activity may change as a result of legislation, as individuals respond to the incentives produced by such legislation. Thus, it can reasonably be expected that legislation will improve the situation for a number of older and younger individuals, who have relevant skills and experience and are, at present, suffering from reduced job opportunities simply because of existing discriminatory practices. However, as this analysis has shown, there are many older individuals for whom discrimination may only be a relatively small element of the disadvantage they face. Thus, whilst the

overall rates of activity of various age groups may rise as a result of legislation, it is unclear whether the most disadvantaged groups will experience significant improvements in their chances of securing a job.

From the analysis, the most disadvantaged individuals can be broadly categorised as inactive (due to sickness or disability) and having a low level of educational achievement, or, as is the case for older individuals, experience and skills that are no longer highly valued by employers. Considering the case of these older individuals, their predominance amongst the long-term sick or disabled, their lower rates of educational attainment and the possibility of skill obsolescence combine to make them particularly poorly placed in the jobs market.

In contrast to these non-working older individuals, the evidence from other countries does suggest that older workers may benefit from the introduction of legislation to a greater extent. Thus, Hornstein (2001) suggests that one of the major explanations for the relatively better employment position amongst older workers in the US stems from the effects of legislation on the reduction in outflows from employment, rather than higher probabilities of being hired. Thus, it is possible that the US Age Discrimination in Employment Act (introduced in 1967) limited employers' use of older workers for redundancy during the restructuring of the 1980s (*Employment Gazette*, 1995).

Given these findings and the central importance of education and training as a determinant of labour market performance, legislation on age discrimination can be seen as an important, but isolated, measure. Thus, for non-working older individuals there may be a need to further supplement any policy on age discrimination with additional active labour market policies – an approach that would seem to be in line with the discussion of the New Deal 50+ undertaken by Disney and Hawkes (2003).

Training and education are central to the experiences of employees of all ages. However, as suggested in our lengthy discussion, when considering the age dimension of this aspect, there is a clear need for additional work before legislation is introduced. Thus, there would seem to be evidence of a break with the traditional education / experience trade-off between older and younger individuals, as changes to the working environment have rendered the experience of older workers less valuable. In addition, there is some evidence that employers are less likely to provide training for older individuals. However, the approach adopted here is limited to the consideration of cross-tabulations and it is therefore not possible to arrive at clear estimates of the relative returns to educational qualifications and experience, or to isolate the significance of age in determining the provision of work-related training. Therefore, it is suggested that any future work should adopt a multivariate approach to investigate these issues.

Whilst this report has mainly dealt with employers' use of 'normal', as opposed to 'mandatory', retirement ages, it is interesting to consider the possible effects of the latter, as there is likely to be an impact on the incidence of education and training amongst older and younger individuals. Thus, *Age Matters* would seem to recognise that, at present, employers may be justified in their reluctance to train or promote (recruit) older individuals, as the period during which they can reap the rewards to any enhancement of productivity may not justify the associated costs. However, following the introduction of legislation one may find that employers and employees are able to circumvent these problems through the negotiation of agreements within an environment where retirement

age is no longer mandatory. In this situation the employee may agree to pay the costs incurred by an employer if they retire below a certain age – this may apply particularly to investment in human capital where we may observe, for want of a better phrase, *training contracts*. Thus, it is particularly important to retain a focus on this element of the baseline.

Such a scenario highlights the possibility that greater flexibility could lead to benefits for both employers and employees. Furthermore, this development may reduce a firm's need to apply for special exemptions in their hiring, firing and training practices. Specifically, the need for special exemptions would seem to be mainly driven by the differing expected years that younger and older individuals remain with the firm – implying differing periods over which a firm could reap the returns to any additional investment. Following the removal of mandatory retirement ages it could be argued that there would be less of a need for employers to appeal. For example, a firm that felt there was little point in training a 65 year old would seem to be justified in suggesting that such an investment was only worth while if the individual kept working into their 70s.

However, in the present environment it is recognised that human capital theory may justify some element of differential treatment, and as a result, we must consider the results of surveys that attack the 'outdated' attitudes of managers with some caution. There is clear evidence that, as with many other forms of discrimination, such as that based on the ethnic background of individuals, certain groups have a predominance of individuals with disadvantaged profiles. In the case of, for example, members of certain minority ethnic groups, poor educational profiles may stem from pre-labour market discrimination. Considering older individuals, there would seem to be clear evidence that they suffer disproportionately from a lack of qualifications and relevant experience.

Only if managers attribute these characteristics to *all* older job applicants *irrespective* of their individual characteristics, can this be seen to be discriminatory. However, as regards the production of a baseline, it is hard to evaluate the extent to which this is occurring. Under one scenario older individuals will have lower employment probabilities because of their labour market profile and we will continue to observe higher rates of inactivity amongst this group. In contrast, if managers discriminate against them in the applications process, simply because (on average) they are perceived to have unfavourable labour market profiles, there is a certain degree of observational equivalence.

Having set out a number of themes arising from the range of issues tackled in this report, we return to the question of activity rates and how they may be expected to change in the near future. Firstly it should be noted that, whilst there is evidence of an improvement in older individuals' activity rates in recent years, some of this improvement may result from cyclical movements in the economy, as opposed to any fundamental reversal of fortunes (Casey, 1995; Taylor and Urwin, 1999; Disney and Hawkes, 2003). Evidence suggests that at low points in the economic cycle, older and younger individuals suffer greater adversity than is the case amongst their prime aged counterparts and this is reversed when the economy recovers. However, one must also take into account the fact that, during the boom of the late 1980s, inactivity rates continued to rise. Thus, it would seem that the improvements in activity rates in recent years are not simply a result of a cyclical

upturn, rather, they reflect a more fundamental alteration in the fortunes of older individuals. Given this, one may expect less of a reversal of this trend during the present downturn.

In a related point, many authors have commented upon the forthcoming changes to the demographic composition of the population and suggested that an increasing number of older, and therefore fewer younger, workers may imply a more favourable environment for older individuals competing for jobs. The argument is simply that the increase in older individuals results in less competition from the young, as there are fewer of them. However, this approach depends on the assumption that older and younger workers compete for the same jobs. As suggested in Chapter 2 in the section on Education and training, this is not necessarily the case and one could explain the existence of differing age concentrations amongst occupations by assuming a certain lack of substitutability between formal qualifications and on-the-job experience.

Whilst the possible reasons for these differing concentrations are important, they do not change the general conclusion that, all other things remaining equal, if certain jobs are predominantly seen (by either employers or individuals) as 'older worker' jobs, an increase in the size of older age cohorts will lower an older individual's probability of being employed. This line of reasoning is subject to the lump of labour fallacy. However, there would still be a period of time where the competition for certain 'older' worker jobs would increase. One might expect that in such a situation the increased competition for these jobs would reduce employment prospects for older age cohorts and that the period of time over which this increased competition manifested itself could be quite significant.

As suggested, this report has set out some of the more basic age dimensions related to pension provision and retirement, but more work is needed to fully understand the possible indirect consequences of such changes. Thus, whilst Taylor (2002) suggests that retirement patterns in other countries have not altered immediately following the removal of mandatory retirement, we suggest that there may be significant indirect consequences. Furthermore, it should be noted that any future comparison that attempts to isolate the impact of equal opportunities legislation will be hindered by the introduction of a range of additional measures that may soon impact upon the situation of, particularly older, workers – for instance the introduction of measures increasing the degree of flexibility associated with various pension arrangements, perhaps allowing a larger number of older individuals to work on past their normal retirement date.

Finally, it is worth reiterating that the bivariate approach adopted in this report does not allow us to **isolate** the impact of age on the probability that an individual will undergo work-related training or find themselves in employment, as opposed to being unemployed or inactive. Thus, there would seem to be a need to take the present research forward with a multivariate analysis. Because of the specific problems associated with identification of age discrimination, such an analysis would not provide evidence of age discrimination in the training and employment practices of firms. However, it would allow us to distinguish between the effects of age, experience, tenure, occupation and a range of other factors that may be highly correlated with age.

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Appendix 1

A review of additional surveys

As noted in the introduction to this study, a positive effort has been made to focus analysis on publicly available large survey datasets, in order to facilitate comparability in the future. However, it is noted that, in preparation for the forthcoming introduction of age legislation and in order to inform the deliberations of government bodies, firms and labour representatives during the intervening period of consultation, a number of additional issues will need to be tackled. Thus, this section of the report sets out the details of a range of surveys, analysis of which may prove useful during this process of consultation.

This section of the report is split in two, with the first dealing with surveys that are more general in nature, but cover a range of issues that may be useful when considering the issues surrounding the introduction of age legislation. In the second section we move on to discuss surveys that retain a focus on particular aspects of the debate surrounding age, whether these be surveys that retain a particular focus on one age group, or those that consider the issue of pensions and/or retirement.

It is recognised that such a list is by no means exhaustive and, in recent decades, much good work has been done by members of the academic community through the collection of data on, for instance, the attitudes and practices of firms towards the recruitment and retention of older individuals. Given the need to place some kind of limit on the review of data sources, this section aims only to suggest additional data sources that relate to issues identified in this report for possible further analysis.

General surveys

The Future of Work, 2000 (Working in Britain, 2000)

This study, sponsored by the ESRC, has been deposited by the Policy Studies Institute at the UK Data Archive. The survey aims to identify changes in work relationships and the contractual basis of employment during the 1980s and 1990s, in order to assess the impact on the future of work. Topics covered include the impact of changing numerical and functional flexibility on employees and the self-employed, together with changes in work expectations, organisational commitment and work pressure. The impact of Human Resource Management (HRM) practices on the work-life balance, the extent of work effort and levels of work strain were also assessed, together with accounts and explanations of the changing nature of work.

Whilst this dataset, which records the age of the individual, would of itself prove useful for those wishing to gain some idea of the changing working lives of different age groups,

together with a range of issues related to the employer–employee relationship, a number of particular aspects of the dataset are worth noting. The survey, which records the responses of workers aged between 20 and 60, covers issues one would expect to find in a survey with this focus, such as details of an individual's current main job, second job, previous work history, training, benefits, working time, together with a range of other issues.

However, in addition, the survey also asks individuals about the extent to which they expect to spend their entire career in their present establishment or work for a variety of firms. Given our discussion of the need for a definitive reasoning behind the use of pensions by employers, it would be useful to link the responses to such questions to others asked in the survey which record the benefits (including Occupational pensions) that workers receive from their employer. In addition, it is also possible to link various aspects of the HRM environment to individual responses to the question of whether they think they will want to retire early or work to the 'normal' retirement age?

The fieldwork for the study was carried out between June 2000 and January 2001 and targeted 3,815 individuals working in Great Britain, from which 2,466 responses were obtained. The survey combined face-to-face interview techniques with self-completion questionnaires and the data were first released on 4th April, 2003. The data are available from the UK Data Archive under the conditions of their standard undertaking.

Britain's Managers Over Twenty Years, 2000-2001

The data from this survey (again sponsored by the ESRC) were collected by the Institute of Management and deposited at the UK Data Archive by members of the HRM Section of Cardiff Business School. This data represent the results of a study of Britain's managers in 2000, which builds upon similar surveys of managerial attitudes conducted in 1980 and 1990. The main aim of the research was to create a database enabling comparison of managerial attitudes and behaviour over two decades, though it should be noted that the UK Data Archive dataset contains only the data from the 2000 survey.

The main topics covered include the nature of managerial work, attitudes towards work, the role of government, industrial relations, employee participation and trade unions. For example, one particular section of the survey asks managers how important a range of issues are likely to be for their organisation during the next ten years, with the responses including equal opportunities and a specific reference to age.

The fieldwork was carried out in June 2000 and targeted 3000 managers in the United Kingdom, who were members of the Institute of Management, obtaining 1,291 responses using a postal survey. The data were first released 4th March, 2003 and are available from the UK Data Archive under the conditions of their standard undertaking.

British Household Panel Survey; Waves 1-11, 1991-2002

The Data for the BHPS have been collected by NOP Market Research and ONS and have been deposited at the UK Data Archive by the University of Essex, Institute for Social and Economic Research. The survey is sponsored by the ESRC, together with ONS, the Health Education Authority and Eurostat and aims to highlight the extent of social and economic change amongst individuals and households in Britain. The BHPS

was originally designed as an annual survey of adults aged 16 or more, with a sample of more than 5,000 households, resulting in approximately 10,000 individuals being interviewed. The survey interviews the same individuals in successive waves and, if they move away from the original household, all adult members of their new households are interviewed.

The BHPS records the main socio-economic characteristics at the individual and household level, including employment, earnings, work history and a range of other socio-demographic indicators. From Wave 11 onwards the target population has been expanded from GB to the UK and continues to use a range of face-to-face and telephone interviewing techniques, together with a self-completion questionnaire.

There are now 11 waves of the British Household Panel Survey available to researchers through the UK Data Archive. Previous waves, first carried out between September 1991 and January 1992 and then in subsequent years until wave 10 in September 2000 to May 2001, contain much useful information. However, this review focuses particular attention on the most recent Wave 11, which contains a module on ageing and retirement.

In the initial discussions preceding the production of this report, it was thought that this most recent wave of the survey could possibly form the basis for a proportion of the analysis. However, the data were only released on the 6th May 2003 and therefore, alternative datasets have had to be used. Despite this, much of the analysis conducted in this report is static in nature and the panel element of the BHPS may allow some useful insights into the extent of change over the last decade for a number of factors, especially given the introduction of the module on ageing and retirement.

This additional BHPS module covers a range of issues that have been tackled in this report, such as the extent of employer pension provision. However, in addition it would clearly be useful to link some of the questions in wave 11 – such as expectations of retirement, why those who have retired did so either early or late, and whether retirement was wanted or forced – with previous employment and social histories. Also, such information could be linked to the responses of individuals who have already retired, considering the extent to which they have found retirement to have been satisfying and for what reason (including the financial aspect). The Data are available from the Data Archive under their standard undertaking.

Expenditure and Food Survey (2001)²⁸

These data have been deposited at the Data Archive by ONS, though prior to 1989 the Department of Employment had responsibility for the Family Expenditure Survey (FES), with the data collection being carried out by the Office of Population Censuses and Surveys. With the amalgamation of the Central Statistical Office and the Office of Population Censuses and Surveys in April 1996, ONS became the responsible body.

The UK FES targets an annual sample of around 10,000 households, with an approximate 60 per cent response rate. The data collected include information on household and personal incomes, together with regular recurring payments (such as

²⁸ Prior to 2001, *The Family Expenditure Survey* and the *National Food Survey*.

utility bills), in order to build up an accurate picture of expenditure over a 14-day period. The annual survey has been in existence since 1957 and will be administered in its present form for a final time in 2000-2001. However, the design of the new Expenditure and Food Survey (EFS) is based on the current FES, and the information currently provided by the FES will continue to be provided by the new survey.

The present version of the survey was carried out between April 2000 and March 2001 and concentrates mainly on information provided by the head of household, though certain questions are put to every spender aged 16 or over. The regional sampling frame is the United Kingdom and the interviews are carried out face-to-face and individuals also provide diaries of expenditure items. The data are available from the Data Archive from 1961 onwards and can be accessed under the standard undertaking.

The survey is the most definitive source of information on incomes and, if it is thought that more work needs to be carried out into this area of the study, this resource would be particularly valuable. Thus, whilst it is noted that debate over the issue of age discrimination in employment has not developed along the same lines as other forms of discrimination, which have had a particular focus on earnings differentials, it may be considered that this is an omission in the present literature and that additional work is required.

Skills Survey, 1997 and 2001

The results of the 1997 survey were deposited at the Data Archive by Alan Felstead of the Centre for Labour Market Studies at the University of Leicester and were collected by Social and Community Planning Research (SCPR). Sponsored by the ESRC, the survey had a range of aims including an investigation of the impact of various personal characteristics and forms of education and training on skills and the subsequent effect on pay. The findings of the 1997 Survey have now been updated and readers should refer to Felstead, Gallie and Green (2002) for more detailed information on the 2001 survey.

The areas covered include the details of employment, attitudes and management skills, the transferability of different skills, previous employment, as well as pay and qualifications (as may be expected, the survey also records the age of respondents). Given the importance attached to this area of the investigation and the possible close links between age and experience, qualifications and training, this study may prove to be a useful resource if it is felt that any further work is required in this area. However, there may also be a need to supplement our findings in this area with a survey that approaches the question of skills change from the point of view of the employer.

The 1997 survey was carried out between January and May and the 2001 survey between February and June, though the data collected also refer to issues such as the employment of an individual 5 years previously. The surveys targeted individuals in Great Britain between the ages of 20 and 60 who were employed at the time of interview and obtained responses from 2,467 and 4,470 individuals respectively. The 1997 data were first released in July 1999 and are available under the standard terms and conditions of the Data Archive.

Employer Skills Survey

In 1998 the Secretary of State for Education and Employment commissioned the National Skills Taskforce (STF) to advise on the development of a National Skills Agenda. It was envisaged that the STF would investigate possible current and future skill deficiencies and report on how these could possibly be overcome. In its first report, the STF emphasised the need for *Improving the Information Base*, with a more extensive, and better coordinated, collection of labour market information.

As a result of these recommendations, in 1999 the first Employer Skills Survey (ESS) was introduced to meet the information needs of the STF; the survey was then repeated in 2001, and again, on a much smaller scale, in 2002. The 1999 survey involved 23,070 telephone, and 3,882 face-to-face, interviews, targeting establishments with five or more employees. Similarly, the 2001 ESS used the results from 27,031 telephone interviews and included establishments with one or more employees. However, in 2002 the size of the survey was significantly reduced and only 4,054 telephone interviews actually took place. Furthermore, the questionnaire was significantly shortened and a different set of researchers carried out the study – these factors have reduced the extent to which the 2002 study can be compared with those carried out in 1999 and 2001.

There were a number of objectives associated with this programme of data collection, including the provision of reliable data on the nature and extent of different types of skill deficiencies and the ways in which employers had responded to these. Given the focus of much of the previous discussion on the possible impact of changing skill needs on the employment prospects of individuals of different age groups, analysis of such an employer-based survey would seem to be useful. However, in its present form, the survey does not allow such an analysis and in line with the recommendations of Mason and Wilson (2003), 'a section of questions on computing use at establishments could be included periodically to monitor trends in such activity and its links with skill requirements', together with more information on the, 'age distribution...of the workforce' (page 16). Furthermore, an additional survey (the National Employers Skill Survey) has now been undertaken and will report in December 2003 on interviews with approximately 70,000 employers.

Surveys with a focus on age-related issues²⁹

Retirement Survey, 1994

As suggested in the original discussion surrounding the commissioning of this report, the Retirement Survey contains a wealth of useful information on this aspect of our investigation. The data were collected by the Office of Population Censuses and Surveys and the results deposited at the Data Archive by the Department of Social Security (who also sponsored the survey). The 1994 version of the study represented the second wave of a panel that aimed to examine issues surrounding the transition to retirement, including issues such as retirement behaviour, health, incomes, pensions, assets and housing.

²⁹ In addition to those projects listed, the DWP have commissioned a survey of 2,800 individuals aged between 50 and 69 which aims to identify, 'Factors Affecting the Labour Market Participation of Older Workers'.

Clearly, this dataset represents a rich resource, including views on retirement and retrospective data about lifetime employment and pension histories. The fieldwork was carried out during 1994 and focused on men and women in Great Britain, who were aged 55-69 years during the 1988-1989 survey, with 2,243 responses obtained from those included in this prior survey (in addition 309 responses were obtained from spouses). The data from this second wave of the survey were first released on 16th December 1999 and are available under the standard undertakings of the Data Archive.

The results of the first wave of the survey are also held at the Data Archive, with two-thirds of the respondents from the first wave re-interviewed in 1994. However, the study is now rather dated and, unless there is a clear need for an historical supplement to the present study, it is not clear that analysis of this data would add significantly to our understanding, particularly given the addition of modules which focus on age-related issues to surveys such as the BHPS.

Evaluation of the Code of Practice on Age Diversity

The data collected as part of this evaluative study are in various forms, including a telephone survey of 800 employers selected from workplaces in Great Britain, 30 qualitative case studies of employers and employees, together with a telephone survey of 500 British individuals aged between 50 and 69. The survey, administered by National Opinion Polls (NOP) on behalf of the Department for Work and Pensions, was carried out between March 1999 and December 2000.

Specifically, the various elements of the evaluation were carried out in three waves, at various points before and after the introduction of the voluntary code of practice on Age Diversity in Employment, which was launched in June 1999. Thus, the first wave was carried out during March and April 1999, to provide a benchmark prior to the introduction of the Code, with the second (January to March 2000) and third waves (October to November 2000) carried out approximately 6 months and 18 months afterwards in an attempt to identify any significant impact.

The Code was a key part of the Government's strategy to raise awareness of age discrimination in employment, promote the benefits of employing an age diverse workforce and help to reverse the trend of early retirement and the stereotyping of abilities of people of different ages. It was seen as an important 'first step' towards the achievement of these goals and the main findings of the research can be viewed in reports produced in 2001³⁰.

Many of the issues tackled in this evaluative study have been covered in the present report. For example, the form and extent to which companies have formal policies and practices which tackle issues of age discrimination, as well as the attitudes of employers and employees to the topic of age diversity in employment. However, given that the survey had such a specific aim during its administration and subsequent reporting of results, and given the fact that subsequent to its completion, the legislative environment has changed, there may be some value in revisiting the results. However, at present the

³⁰ National Opinion Polls (2001), *Evaluation of the Code of Practice on Age Diversity in Employment*, produced for the Department for Work and Pension, October; National Opinion Polls (2001), *Ageism – The Attitudes and Experiences of Young People*, produced for the Department for Work and Pension, October.

raw data are not publicly available and therefore it is unclear as to the restrictions that may apply to its use.

English Longitudinal Study of Ageing

The English Longitudinal Study of Ageing (ELSA) is a new interdisciplinary study, focusing on the age dimension of issues such as health, economic position and quality of life. Given the wide variety of issues to be covered, it is perhaps unsurprising that a large number of bodies are involved in the funding for the study. Thus, half of the funding is provided by the National Institute of Ageing in the US, with the other half provided by a number of UK government departments³¹. The main collaborating institutions are the Institute for Fiscal Studies (Centre for Economic Research on Ageing), the Universities of Cambridge, Oxford and Nottingham, together with the National Centre for Social Research and University College London. One particular aspect of the ELSA which has particular relevance for this study is the information collected on determinants of economic position in older age, including the timing and circumstances of retirement and post-retirement labour market activity.

The survey sample is drawn from respondents to the Health Survey for England (HSE), with approximately 12,000 respondents from two separate years of the HSE providing a sample of English individuals aged 50 and over. It is envisaged that the first wave of the ELSA will collect a range of baseline economic data, with future rounds tracking changes in health and economic position.

The process of collection of the data has already begun and, given the timing of subsequent waves and the introduction of age legislation, this survey may prove useful as a continuing baseline for evaluation of the impact both before, during and after the introduction of legislation. Thus, initial pilots and the first wave of the survey have now been administered, subsequent face to face interviews have been carried out in 2002 and it is envisaged that in 2004, the second wave fieldwork will begin, and the data made publicly available.

The aim of the module on work and pensions is to collect information on factors such as earnings, job search and training. In addition, permission will be asked of the individual to approach their employer to ascertain additional details of pension arrangements, such as funding requirements.

Youth Cohort Study of England and Wales, 2000

As suggested at various points in the analysis, this report has attempted to set out the situation of older and younger individuals in equal measure. However, as readers will note, much of the debate surrounding the issue of age discrimination in employment has focused on the situation of older individuals, in particular those aged between 50 and SPA. Therefore, it is useful to include here a short description of one particular survey that could provide information on various aspects of individuals at the opposite end of the age distribution.

³¹ Departments of Health, Work and Pensions, Food and Rural Affairs, Transport, Local Government and the Regions, Education and Skills, Culture Media and Sport, together with ONS and the Treasury.

Data for the tenth Youth Cohort Study (YCS) has recently been deposited at the Data Archive by the National Centre for Social Research. The study is designed to monitor the behaviour and decisions of young people aged 16 and upwards as they make the transition from compulsory to continuing education or the labour market. The main aim is to identify those factors that are most influential in determining post-16 transitions in terms of factors such as educational attainment and training opportunities.

The first YCS was carried out in 1985 and the fieldwork for the most recent version of the study was carried out between February and July 2000 (sweep 1) and November 2000 to February 2001 (sweep 2). The most recent version of the study targets young people who reached minimum school leaving age in the 1998/1999 school year. *Generally*, each cohort is surveyed between three and four times ('sweeps') to determine labour market status at the ages of 16-17, 17-18, 18-19 and, for Cohort 3, when the respondents were aged 22 to 23. Sweep one of each study contains basic information on the details of educational attainment and any labour market experience and sweep 2 mainly aims to update this information. However, the survey also records expected activities at the age of 21 and the expected education and training 'route' to these activities.

The data held at the archive contain 13,698 responses to the most recent versions of the study (sweeps 1 and 2 combined), which used both telephone interview and postal survey methods. The first edition of the data was released on 3rd July 2003 and is available under the standard undertakings of the UK Data Archive.

Methodological notes

It should be noted that the results of the 2001 Census indicate that recent UK population (and therefore employment) estimates have been approximately one million too high. The revised estimates suggest that 27.7 million people were employed in the UK in summer 2002, whereas previously the figure was believed to be 28.5 million. Thus, in February 2003 ONS published final mid-year population estimates for 1991 to 2000, and in March 2003 the equivalent estimates for the period 1982 to 1990 will be released. A full reweighting of all Labour Force Survey (LFS) series and databases will be completed later in 2003.

Furthermore, the introduction of the new SOC2000 has changed the way that the self-employed are dealt with and this is likely (in November 2003) to have a significant impact on estimated figures. Clearly the above changes will have an impact on the current data-holdings of many institutions and also the findings of the present study.

Appendix 2

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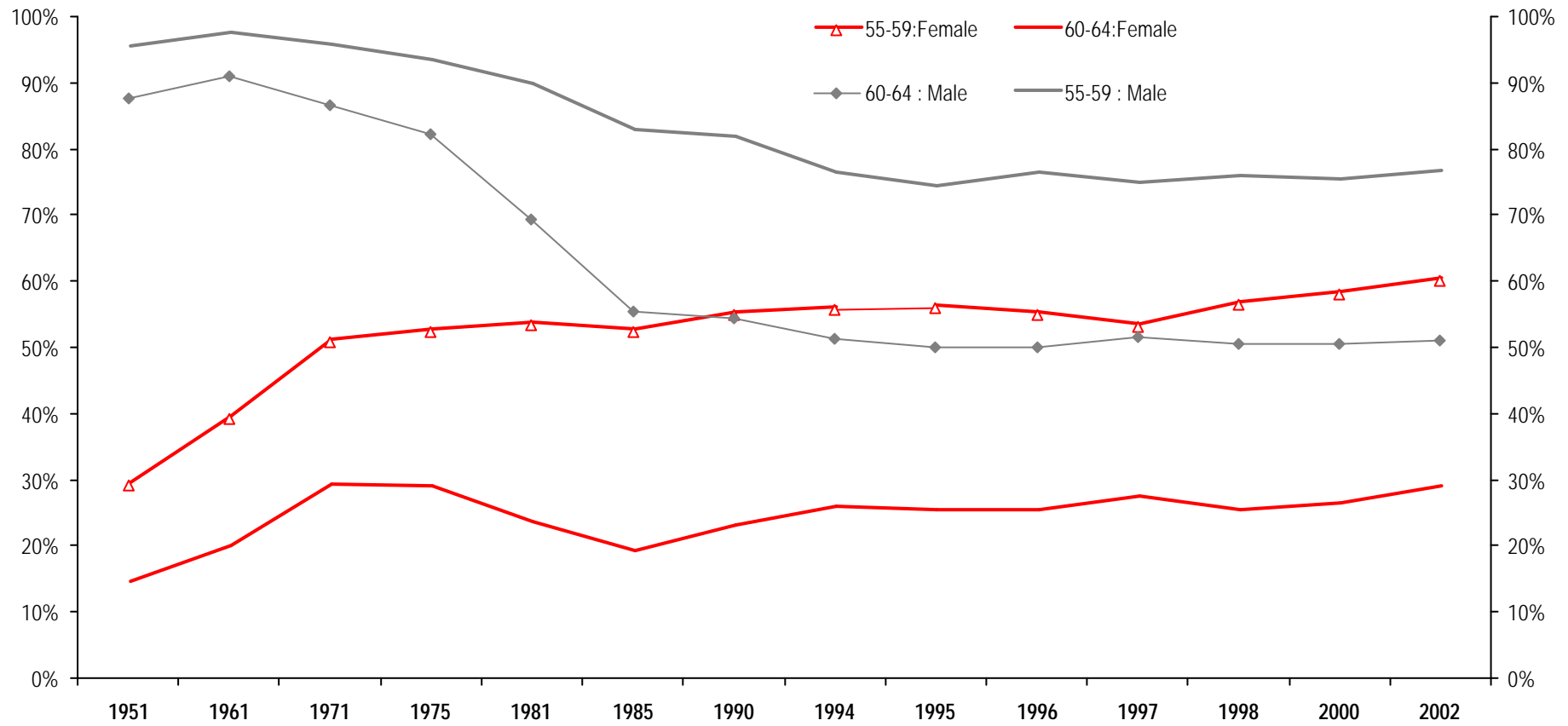
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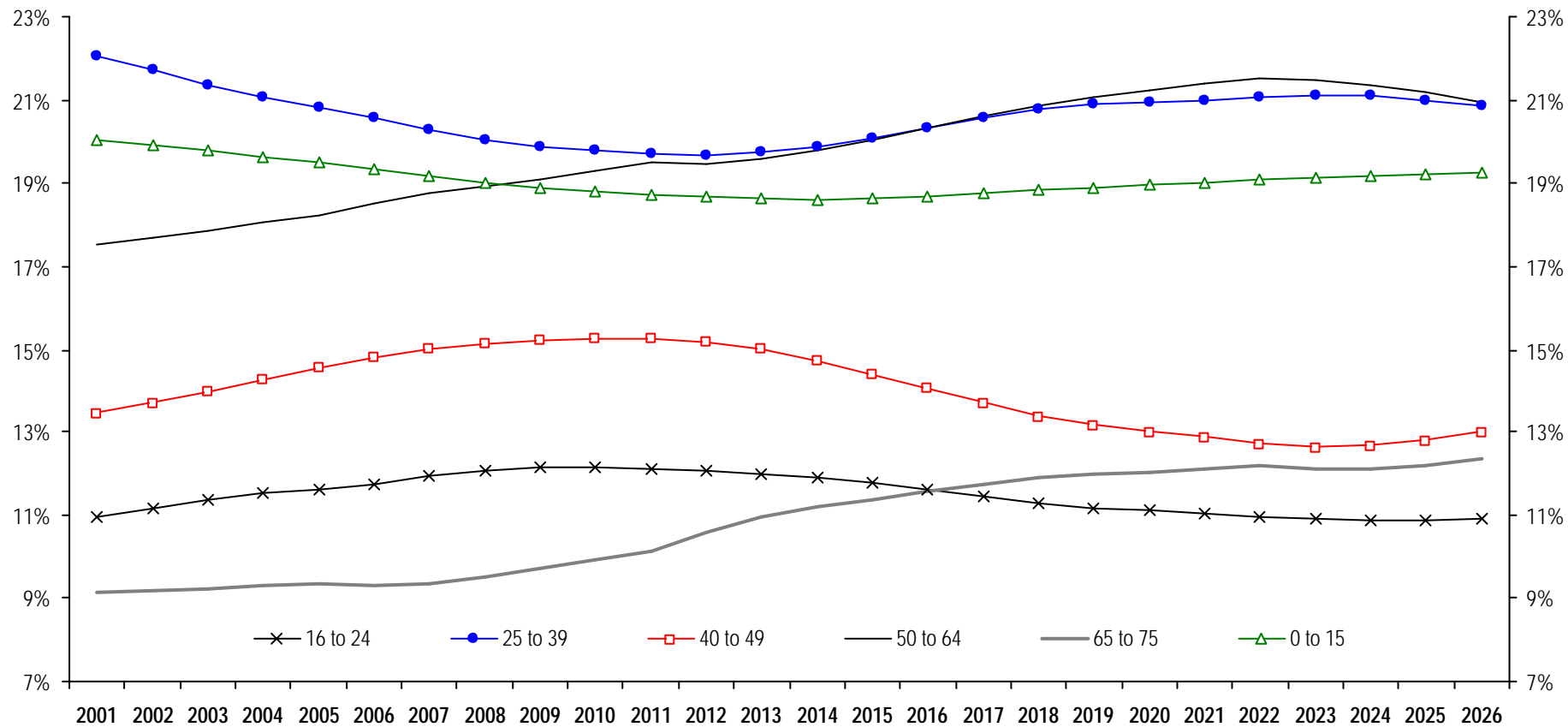
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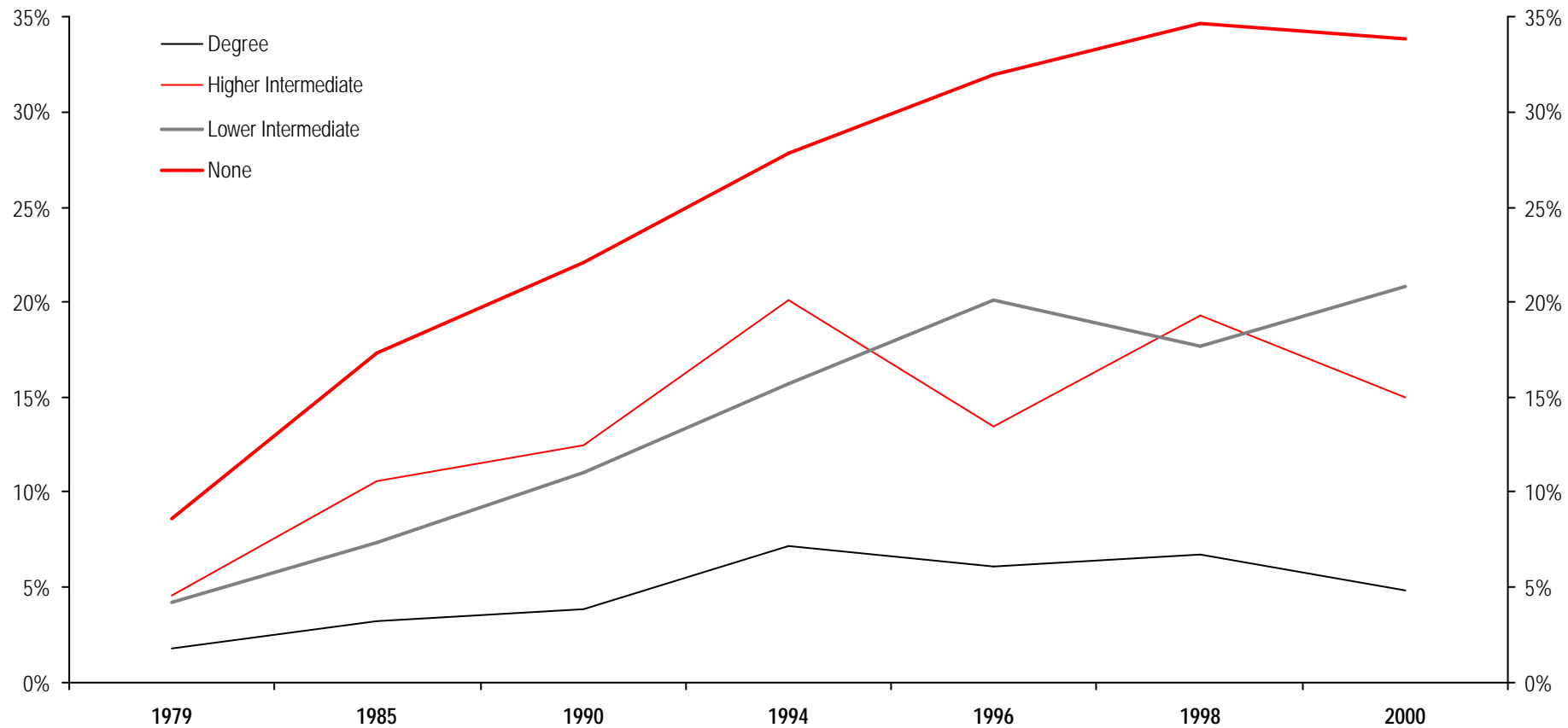
Source: Employment Gazette, April 1995, Labour Force Survey, Spring 1995-2002

Figure 2.2: Age groups as a proportion of total Great Britain population, 2001-2026



Source: Government Actuary, 2001-based predications

Figure 2.3: Labour Force Survey male sickness inactivity rates by qualification, aged 55-64*



Source: Nickell and Qunitini, 2001 *Percentage of qualification group

Table 2.1: ILO economic activity by age group

		Aged 16-24	Aged 25-39	Aged 40-49	Aged 50-59/64	Aged 60/65-75	Aged over 75	All Ages
employed	Count	3,916,992	10,420,838	6,596,073	5,899,518	817,971	42,568	27,693,960
	% within age group	61	81	83	68	12	1	60
ILO unemployed	Count	485,056	520,319	230,612	220,446	21,598	0	1,478,031
	% within age group	8	4	3	3	0	0	3
Inactive, desire work, not for various reasons	Count	521,320	568,430	198,186	201,387	77,135	*	1,566,911
	% within age group	8	4	2	2	1	*	3
Inactive, no desire to work, various reasons	Count	1,370,117	1,036,748	466,885	545,567	111,230	0	3,530,547
	% within age group	21	8	6	6	2	0	8
Inactive, desire work, but LT sick/disabled	Count	29,970	172,763	188,385	365,753	51,568	0	808,439
	% within age group	0	1	2	4	1	0	2
Inactive, no desire to work as LT sick/disabled	Count	53,141	219,135	298,981	858,115	178,806	0	1,608,178
	% within age group	1	2	4	10	3	0	3
Inactive, no desire to work as retired	Count	0	*	*	570,026	5,311,239	3,484,724	9,373,722
	% within age group	0	*	*	7	81	99	20
Total	Count	6,376,596	12,939,130	7,985,958	8,660,812	6,569,547	3,527,745	46,059,788

Source: *Labour Force Survey*, Spring, 2002. *cell size unreliable as less than 10,000.

Table 2.2: Male ILO economic activity by age group

		Aged 16-24	Aged 25-39	Aged 40-49	Aged 50-64	Aged 65-75	Aged over 75	All Ages
employed	Count	2,063,478	5,846,913	3,529,319	3,485,118	254,776	26,046	15,205,650
	% within age group	63	88	88	70	11	2	67
ILO unemployed	Count	306,007	297,787	143,586	149,167	10,681	0	907,228
	% within age group	9	4	4	3	0	0	4
Inactive, desire work,not for various reasons	Count	234,198	117,773	49,644	101,585	37,350	0	540,550
	% within age group	7	2	1	2	2	0	2
Inactive, no desire to work, various reasons	Count	609,298	137,476	60,507	124,029	16,038	0	947,348
	% within age group	19	2	2	2	1	0	4
Inactive, desire work, but LT sick/disabled	Count	17,866	102,929	100,211	246,195	26,506	0	493,707
	% within age group	1	2	2	5	1	0	2
Inactive, no desire to work as LT sick/disabled	Count	29,527	115,084	130,393	491,602	85,316	0	851,922
	% within age group	1	2	3	10	4	0	4
Inactive, no desire to work as retired	Count	0	0	*	383,819	1,969,692	1,304,026	3,660,062
	% within age group	0	0	*	8	82	98	16
Total	Count	3,260,374	6,617,962	4,016,185	4,981,515	2,400,359	1,330,072	22,606,467

Source: *Labour Force Survey*, Spring, 2002. *cell size unreliable as less than 10,000.

Table 2.3: Female ILO economic activity by age group

		Aged 16-24	Aged 25-39	Aged 40-49	Aged 50-59	Aged 60-75	Aged over 75	All Ages
employed	Count	1,853,514	4,573,925	3,066,754	2,414,400	563,195	16,522	12,488,310
	% within age group	59	72	77	66	14	1	53
ILO unemployed	Count	179,049	222,532	87,026	71,279	10,917	0	570,803
	% within age group	6	4	2	2	0	0	2
Inactive, desire work,not for various reasons	Count	287,122	450,657	148,542	99,802	39,785	*	1,026,361
	% within age group	9	7	4	3	1	*	4
Inactive, no desire to work, various reasons	Count	760,819	899,272	406,378	421,538	95,192	0	2,583,199
	% within age group	24	14	10	11	2	0	11
Inactive, desire work, but LT sick/disabled	Count	12,104	69,834	88,174	119,558	25,062	0	314,732
	% within age group	0	1	2	3	1	0	1
Inactive, no desire to work as LT sick/disabled	Count	23,614	104,051	168,588	366,513	93,490	0	756,256
	% within age group	1	2	4	10	2	0	3
Inactive, no desire to work as retired	Count	0	*	*	186,207	3,341,547	2,180,698	5,713,660
	% within age group	0	*	*	5	80	99	24
Total	Count	3,116,222	6,321,168	3,969,773	3,679,297	4,169,188	2,197,673	23,453,321

Source: *Labour Force Survey*, Spring 2002. * cell size unreliable as less than 10,000.

Table 2.4: Percentage of employed males within each age group by broad industry sector

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50-64	Aged 65-75	All Ages
Agriculture, hunting, forestry, fishing, mining and quarrying	2.0	2.2	2.5	2.7	6.2	2.4
Manufacturing	17.2	21.7	22.9	22.3	11.9	21.3
Electricity gas & water supply	0.8	1.1	1.3	1.1	0.2	1.1
Construction	11.3	12.1	12.2	12.1	9.0	12.0
Wholesale, retail & motor trade	24.3	13.0	10.7	11.6	17.9	13.8
Hotels & restaurants	11.0	2.9	1.9	1.9	*	3.5
Transport, storage & communication	5.9	9.6	11.8	11.1	7.1	9.9
Financial intermediation	5.0	5.5	3.6	2.3	*	4.2
Real estate, renting & business activities	9.5	13.7	12.0	12.6	16.4	12.5
Public administration & defence	3.1	6.6	7.4	5.8	3.9	6.1
Education	1.7	3.2	5.1	6.6	6.0	4.3
Health & social work	2.0	4.2	4.1	4.4	5.4	3.9
Other community, social & personal	6.1	4.1	4.1	4.8	10.4	4.7
Private households with employed persons	*	*	*	0.5	*	0.3
Extra-territorial organisations, bodies	*	*	*	*	0.0	0.1
Workplace outside UK	0.0	*	*	*	0.0	0.0
Total frequency	2,049,373	5,838,439	3,523,895	3,481,465	253,813	15,146,985

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.5: Percentage of employed females within each age group by broad industry sector

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Agriculture, hunting, forestry, fishing, mining and quarrying	0.6	0.5	0.8	1.0	1.9	0.8
Manufacturing	6.7	9.6	8.6	9.2	7.9	8.8
Electricity gas & water supply	0.7	0.6	0.3	*	0.0	0.4
Construction	1.3	1.5	1.4	1.8	*	1.5
Wholesale, retail & motor trade	27.0	14.6	14.1	15.3	17.3	16.6
Hotels & restaurants	13.9	4.7	4.2	4.1	6.9	5.9
Transport, storage & communication	4.1	4.7	3.6	2.7	2.3	3.8
Financial intermediation	6.1	6.9	4.5	2.8	*	5.1
Real estate, renting & business activities	9.3	12.4	9.5	9.3	11.0	10.5
Public administration & defence	4.5	7.5	7.8	7.0	4.3	6.9
Education	4.9	11.5	17.1	16.4	14.8	13.0
Health & social work	12.0	18.9	22.5	23.6	20.9	19.8
Other community, social & personal	8.4	6.1	5.2	5.7	7.9	6.2
Private households with employed persons	0.6	0.5	0.5	0.8	2.0	0.6
Extra-territorial organisations, bodies	*	*	*	*	0.0	*
Workplace outside UK	0.0	*	0.0	0.0	0.0	0.0
Total frequency	1,846,667	4,567,947	3,062,472	2,413,930	561,783	12,452,799

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.6: Percentage of employed males within each age group by broad occupational group (SOC2000)

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50-64	Aged 65-75	All Ages
Managers and Senior Officials	4.2	18.9	22.8	19.8	15.9	18.0
Professional occupations	4.8	13.8	13.9	13.5	14.3	12.5
Associate Professional and Technical	10.0	16.1	14.0	11.9	13.1	13.8
Administrative and Secretarial	8.4	4.9	3.8	4.6	3.7	5.0
Skilled Trades Occupations	20.3	19.2	19.7	20.0	17.1	19.6
Personal Service Occupations	2.2	1.9	1.7	2.2	4.5	2.0
Sales and Customer Service Occupations	15.2	3.4	1.8	2.7	*	4.4
Process, Plant and Machine Operatives	8.1	12.4	14.1	14.6	12.8	12.7
Other Occupations	26.7	9.5	8.2	10.7	15.6	11.9
Total frequency	2,047,972	5,838,563	3,526,560	3,482,006	254,776	15,149,877

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.7: Percentage of employed females within each age group by broad occupational group (SOC2000)

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Managers and Senior Officials	3.3	11.9	11.2	9.8	8.5	9.9
Professional occupations	3.6	12.0	11.7	11.4	9.0	10.4
Associate Professional and Technical	9.4	18.1	14.0	10.3	9.6	13.9
Administrative and Secretarial	21.3	21.6	22.9	26.0	22.3	22.8
Skilled Trades Occupations	1.3	1.6	2.5	2.9	4.0	2.1
Personal Service Occupations	15.6	12.3	14.0	13.1	11.4	13.3
Sales and Customer Service Occupations	25.4	10.1	8.7	9.8	9.9	12.0
Process, Plant and Machine Operatives	1.9	2.7	3.2	3.6	2.7	2.9
Other Occupations	18.2	9.5	11.7	13.1	22.6	12.6
Total frequency	1,848,487	4,569,320	3,063,310	2,414,402	562,255	12,457,774

Source: *Labour Force Survey*, Spring 2002.

Table 2.8: Percentage of employed males and females within each age group working in the public and private sectors

Male		Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Private	Count	1,871,907	4,955,433	2,880,530	2,872,686	222,621	12,803,177
	% within age group	91.9	85.0	81.7	82.6	87.7	84.6
Public	Count	165,743	875,751	643,560	605,932	31,218	2,322,204
	% within age group	8.1	15.0	18.3	17.4	12.3	15.4
Total frequency Males		2,037,650	5,831,184	3,524,090	3,478,618	253,839	15,125,381
Female		Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Private	Count	1,556,188	3,139,616	1,860,163	1,482,820	389,839	8,428,626
	% within age group	85.1	68.9	60.8	61.5	69.5	67.9
Public	Count	272,498	1,419,816	1,198,592	927,616	171,157	3,989,679
	% within age group	14.9	31.1	39.2	38.5	30.5	32.1
Total frequency Females		1,828,686	4,559,432	3,058,755	2,410,436	560,996	12,418,305

Source: *Labour Force Survey*, Spring 2002.

Table 2.9: Type of employment by age group

Male Economic Activity	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Employee	93.7	87.0	82.4	77.3	59.1	84.2
Self-employed	3.9	12.7	17.4	22.3	38.8	15.3
Government emp & training programmes	2.1	0.2	*	*	0.0	0.4
Unpaid family worker	*	*	*	*	*	0.2
Total frequency Males	2,063,478	5,846,913	3,529,319	3,485,118	254,776	15,179,604
Female Economic Activity	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Employee	97.2	93.4	91.6	90.9	83.2	92.6
Self-employed	1.2	5.9	7.8	8.3	14.6	6.5
Government emp & training programmes	1.5	0.2	*	*	*	0.4
Unpaid family worker	*	0.5	0.4	0.7	2.1	0.5
Total frequency Females	1,853,514	4,573,925	3,066,754	2,414,400	563,195	12,471,788

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.10: Percentage of employed males and females within each age group working full-time or part-time

Males		Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Full time	Count	1,504,651	5,624,597	3,393,010	3,118,434	93,731	13,734,423
	% within age group	73.0	96.2	96.1	89.5	36.8	90.5
Part time	Count	557,377	220,645	136,309	363,824	161,045	1,439,200
	% within age group	27.0	3.8	3.9	10.4	63.2	9.5
Total frequency Males		2,062,028	5,845,242	3,529,319	3,482,258	254,776	15,174,083
Females		Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Full time	Count	1,064,407	2,781,709	1,706,404	1,267,070	143,183	6,962,773
	% within age group	57.4	60.8	55.7	52.5	25.4	55.8
Part time	Count	789,107	1,789,715	1,358,816	1,146,082	420,012	5,503,732
	% within age group	42.6	39.1	44.3	47.5	74.6	44.1
Total frequency Females		1,853,514	4,571,424	3,065,220	2,413,152	563,195	12,467,426

Source: *Labour Force Survey*, Spring 2002.

Table 2.11: Reasons for employed males and females working part-time within each age group

Reason for part-time job: Male	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Student or at school	82.6	25.3	*	*	0.0	36.3
Ill or disabled	*	5.0	13.7	8.5	*	4.7
Could not find full-time job	11.2	33.3	30.6	14.4	*	16.3
Did not want full-time job	5.5	36.5	51.1	76.6	94.5	42.7
Total frequency Males	544,735	210,328	133,630	358,307	160,620	1,407,620
Reason for part-time job: Female	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Student or at school	68.8	3.3	1.1	*	0.0	11.2
Ill or disabled	*	1.0	1.5	2.6	*	1.4
Could not find full-time job	10.2	5.0	6.7	6.3	2.7	6.2
Did not want full-time job	20.3	90.7	90.8	90.8	96.2	81.1
Total frequency Females	780,882	1,775,412	1,350,452	1,141,113	416,256	5,464,115

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.12: Percentage of male employees within each age group working under temporary contracts and reason for temporary working

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Proportion of Male Employees Whose Contract is not Permanent	12.2	4.3	3.2	4.6	21.3	5.5
Reasons why Male Employees Took Temporary Work						
Contract included training	8.7	10.6	*	*	0.0	7.2
Could not find permanent job	25.7	40.6	38.9	34.9	*	32.8
Did not want permanent job	33.2	13.6	13.2	25.8	57.7	24.3
Some other reason	32.5	35.1	43.9	36.7	36.5	35.7
Number of Male Employees Whose Contract is not Permanent	236,238	216,679	92,156	121,815	30,750	697,638

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.13: Percentage of female employees within each age group working under temporary contracts and reason for temporary working

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Proportion of Female Employees Whose Contract is not Permanent	12.1	6.2	5.7	4.6	10.3	6.9
Reasons why Female Employees Took Temporary Work						
Contract included training	*	6.9	*	*	*	4.4
Could not find permanent job	21.9	25.7	28.1	22.8	*	23.5
Did not want permanent job	39.4	23.4	24.5	38.8	60.2	32.2
Some other reason	34.5	44.1	43.5	37.1	34.7	39.8
Number of Female Employees Whose Contract is not Permanent	217,742	261,990	159,278	101,337	47,612	787,959

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.14: Total usual hours worked (excluding overtime) for males and females in employment: percentage within each age group

Male Usual Hours	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
01 to 10	9.9	0.5	0.5	2.0	22.2	2.5
11 to 20	12.1	1.9	1.8	4.3	24.1	4.2
21 to 30	5.6	2.5	3.0	5.1	12.2	3.8
31 to 40	57.1	67.1	63.3	58.9	22.0	62.2
40 and above	15.3	28.0	31.4	29.8	19.5	27.3
Total Frequency	2,046,063	5,830,072	3,525,017	3,476,644	254,360	15,132,156
Female Usual Hours	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
01 to 10	16.2	6.0	6.1	7.4	26.4	8.7
11 to 20	18.5	19.5	21.0	22.3	31.0	20.8
21 to 30	8.6	16.1	20.1	20.6	16.3	16.9
31 to 40	49.8	51.0	45.9	43.1	20.0	46.6
40 and above	6.9	7.3	6.9	6.5	6.2	7.0
Total Frequency	1,841,799	4,562,752	3,058,901	2,411,328	558,742	12,433,522

Source: *Labour Force Survey*, Spring 2002.

Table 2.15: How current job was obtained for those who have changed jobs in the last three months

How Current Job Obtained	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59/64	All Ages
Reply to advertisement	22.3	30.2	34.4	27.7	27.4
Job Centre	9.4	8.4	7.6	8.4	8.6
Careers Office	*	*	0.0	0.0	0.5
Jobclub	0.0	0.0	0.0	*	0.0
Private employment agency, business	9.6	9.9	9.7	12.9	10.0
Hearing from someone who worked there	32.1	27.2	25.3	23.2	28.3
Direct application	17.9	12.6	12.4	11.5	14.7
Some other way	7.7	11.4	10.5	16.0	10.5
Total frequency	626,044	574,176	230,040	155,201	1,585,461

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000 and ages 60/65 to 75 dropped as no cells greater than 10,000.

Table 2.16: ILO unemployment rate for each age group

	16-24 years	25-39 years	40-49 years	50-59/64 years	All Ages
Total Unemployment Rate	11.0	4.8	3.4	3.6	5.1
Male Unemployment Rate	12.9	4.8	3.9	4.1	5.6
Female Unemployment Rate	8.8	4.6	2.8	2.9	4.4

Source: *Labour Force Survey*, Spring 2002.

Table 2.17: Percentage of males and females in each age group experiencing differing durations of ILO unemployment

Males	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
less than 3 months	47.6	34.0	31.2	33.4	38.1
3 months but less than 6 months	17.3	19.8	18.8	16.9	18.3
6 months but less than 2 years	32.1	29.8	27.2	22.9	28.9
2 years but less than 5 years	*	10.3	10.0	11.8	7.9
more than 5 years	*	6.1	12.8	15.1	6.8
Total Frequency Male	305,078	296,879	143,586	148,749	894,292
Females	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
less than 3 months	51.6	49.1	44.9	40.9	47.8
3 months but less than 6 months	24.3	20.6	20.4	20.2	21.9
6 months but less than 2 years	21.2	21.8	24.1	24.2	22.2
2 years but less than 5 years	*	6.8	*	*	6.1
more than 5 years	*	*	*	*	1.9
Total Frequency Female	178,570	222,532	87,026	71,279	559,407

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.18: Type of benefit claimed for the unemployed and inactive claiming some type of state benefit¹

Type of benefit claimed by the unemployed and inactive	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
Unemployment Related Benefit	27.1	12.1	10.7	8.4	0.0	8.0
Income Support (not as unemployed)	42.0	36.8	33.1	28.9	7.6	24.7
Sickness or Disability	17.3	21.1	41.1	72.0	11.0	29.4
State Pension	0.0	*	*	3.2	97.2	35.8
Family Related Benefits or Tax Credits	5.0	7.8	3.3	0.7	0.0	2.9
Child Benefit	44.6	68.9	50.0	8.5	0.4	28.6
Housing or Council Tax Benefit	35.9	38.1	39.2	37.3	11.3	28.3
Other	4.2	2.2	1.9	1.8	0.7	1.7
Total Frequency	635,442	2,092,598	1,126,339	1,593,266	3,075,989	8,523,634

¹ Column percentages do not add up to 100 per cent, as individuals can be on more than one benefit.

Source: *Labour Force Survey*, Spring 2002 .

* cell size unreliable as less than 10,000.

Table 2.19: Major occupation group in last job for non-working individuals¹

SOC2000 Occupational Group	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
Managers and Senior Officials	1.6	8.3	9.2	14.2	10.3	9.5
Professional occupations	2.1	6.2	6.9	9.8	8.8	7.4
Associate Professional and Technical	5.9	9.2	8.4	10.1	8.8	8.8
Administrative and Secretarial	10.6	13.9	12.0	12.3	15.7	13.5
Skilled Trades Occupations	6.1	7.6	11.2	12.4	12.7	10.4
Personal Service Occupations	8.7	10.6	10.4	5.9	7.2	8.2
Sales and Customer Service Occupations	23.2	12.4	8.8	5.7	7.2	10.3
Process, Plant and Machine Operatives	8.4	9.8	11.9	13.7	10.3	10.9
Other Occupations	33.5	21.8	21.1	15.9	19.1	21.0
Total Frequency	903,350	1,712,194	717,986	1,621,777	2,263,226	7,218,533

¹ Large number of missing responses.

Source: *Labour Force Survey*, Spring 2002.

Table 2.20: Previous industry group in last job for non-working individuals¹

SIC92 Industry Group	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
Primary and utilities	1.6	1.6	2.4	3.8	3.1	2.6
Manufacturing	15.9	16.4	18.9	22.4	19.4	18.9
Construction	5.0	5.2	5.8	7.8	6.7	6.3
Wholesale, retail, hotels & restaurants	42.2	26.6	23.4	16.8	18.8	23.5
Transport, storage and communication	3.8	6.2	6.3	7.7	6.0	6.2
Financial intermediation, Real estate & business activities	12.0	16.2	13.2	11.4	9.3	12.1
Public administration, Education, Health and Other community	18.4	25.1	28.6	29.6	35.9	29.0
workplace outside UK, inadequate description	1.0	2.7	1.4	0.5	0.9	1.3
Total Frequency	899,558	1,716,409	727,005	1,639,886	2,292,307	7,275,165

¹ Large number of missing responses.

Source: *Labour Force Survey*, Spring 2002.

Table 2.21: Age distribution of the ILO unemployed within eight regions¹

Region of Residence	16-24 years	25-39 years	40-49 years	50-59/64 years	All Ages Frequency
The North East	33.6	33.5	18.0	13.9	222,185
The Midlands	31.8	31.9	15.3	18.4	272,006
Greater London	28.1	39.6	17.3	13.3	248,258
The ROSE	32.7	35.1	15.8	15.3	227,244
The South West	32.7	32.9	14.5	19.0	89,582
The North West	37.1	37.6	14.0	10.5	166,515
Wales	37.7	32.0	14.1	15.0	79,379
Scotland	33.9	36.7	13.1	14.6	172,862
All GB	32.8	35.2	15.6	14.9	1478031

¹ In contrast to the majority of other tables, where figures relate to the percentage within each age group, the figures here show the percentage by reported region of residence - i.e. each row sums to 100%.

Source: Labour Force Survey, Spring 2002.

Table 2.22: Age distribution of the inactive within eight regions¹

	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages Frequency
The North East	14.5	14.8	8.7	20.2	41.8	2,054,387
The Midlands	14.4	14.0	7.8	18.6	45.2	2,664,527
Greater London	19.6	20.0	12.4	16.1	31.9	1,727,656
The ROSE	13.0	14.9	8.0	17.0	47.0	2,261,394
The South West	11.6	12.3	6.7	19.7	49.8	1,076,733
The North West	15.7	14.2	8.4	20.7	41.0	1,592,906
Wales	16.0	13.4	8.5	22.1	40.1	799,889
Scotland	12.8	14.0	8.6	20.2	44.4	1,225,128
All GB	14.7	14.9	8.6	19.0	42.8	13,402,620

¹ In contrast to the majority of other tables, where figures relate to the percentage within each age group, the figures here show the percentage by reported region of residence - i.e. each row sums to 100%.

Source: *Labour Force Survey*, Spring 2002.

Table 2.23: Highest qualification obtained for employed males and females in various age groups: national credit level framework

Males	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
degree level or above: Level 4 or higher	13.2	31.8	30.0	25.2	27.3
A-level or equivalent: Level 3	29.0	18.7	18.6	15.0	19.2
craft and related: Level 2	12.3	12.9	16.4	20.1	15.3
O-level, GCSE Grade A-C or equivalent: Level 2	26.9	16.2	11.6	9.0	14.9
GCSE below Grade C and Other: Level 1	9.9	13.1	12.9	13.4	12.7
No qualification	8.4	6.4	9.7	16.6	9.8
No answer/don't know	0.4	1.0	0.7	0.6	0.8
Total Frequency for Males	2,063,478	5,846,913	3,529,319	3,485,118	14,924,828
Females	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
degree level or above: Level 4 or higher	16.2	35.6	30.2	24.2	28.9
A-level or equivalent: Level 3	32.5	16.1	11.9	8.4	16.0
craft and related: Level 2	12.2	7.9	6.7	7.5	8.2
O-level, GCSE Grade A-C or equivalent: Level 2	26.6	23.6	23.7	18.1	23.0
GCSE below Grade C and Other: Level 1	6.5	10.6	13.0	19.4	12.4
No qualification	5.5	5.6	14.0	21.8	11.0
No answer/don't know	0.5	0.6	0.5	0.6	0.6
Total Frequency for Females	1,853,514	4,573,925	3,066,754	2,414,400	11,908,593

Source: *Labour Force Survey*, Spring 2002.

Table 2.24: Highest qualification obtained for non-working males and females in various age groups: national credit level framework

Males	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
degree level or above: Level 4 or higher	6.4	16.3	11.7	17.3	13.1
A-level or equivalent: Level 3	30.2	10.6	13.0	10.7	16.9
craft and related: Level 2	4.6	10.5	14.5	18.3	12.2
O-level, GCSE Grade A-C or equivalent: Level 2	23.7	13.3	10.4	7.8	14.0
GCSE below Grade C and Other: Level 1	9.6	19.8	15.3	12.4	13.3
No qualification	24.2	28.5	34.8	33.1	29.7
No answer/don't know	1.4	1.0	0.3	0.5	0.8
Total Frequency for Males	1,196,896	771,049	486,866	1,496,397	3,951,208
Females	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
degree level or above: Level 4 or higher	5.3	15.2	12.7	12.0	11.6
A-level or equivalent: Level 3	30.0	11.3	9.4	6.5	14.4
craft and related: Level 2	6.2	8.0	5.2	5.9	6.6
O-level, GCSE Grade A-C or equivalent: Level 2	25.2	23.5	17.3	14.2	20.6
GCSE below Grade C and Other: Level 1	9.5	18.6	16.6	16.2	15.4
No qualification	22.8	22.9	38.1	44.6	30.8
No answer/don't know	1.1	0.4	0.7	0.5	0.7
Total Frequency for Females	1,262,708	1,747,243	903,019	1,264,897	5,177,867

Source: *Labour Force Survey*, Spring 2002.

Table 2.25: Proportion of males and females undergoing or offered job related education or training in the last three months

Male	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
Proportion of Those in Employment who Undertook Job Related-Training in Last Three Months	39.3	28.4	25.5	17.9	26.4
Proportion of Those in Employment Not Undertaken Job Related-Training in Last Three Months	60.7	71.6	74.5	82.1	73.6
Have you Been Offered Training by Your Employer? As a Proportion of Those who had not Undertaken Job-Related Training in the Last Three Months	44.2	59.2	59.8	53.2	55.6
Proportion of Those in Employment who Undertook or Have Been Offered Job Related-Training in Last Three Months	66.1	70.8	70.0	61.6	67.3
Total Frequency	1,925,553	5,820,897	3,520,396	3,475,552	14,742,398
Female	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
Proportion of Those in Employment who Undertook Job Related-Training in Last Three Months	40.3	34.4	32.5	26.1	32.2
Proportion of Those in Employment Not Undertaken Job Related-Training in Last Three Months	59.7	65.6	67.5	73.9	67.8
Have you Been Offered Training by Your Employer? As a Proportion of Those who had not Undertaken Job-Related Training in the Last Three Months	55.8	39.8	42.5	43.4	44.2
Proportion of Those in Employment who Undertook or Have Been Offered Job Related-Training in Last Three Months	73.6	60.5	61.2	58.2	62.2
Total Frequency	1,679,319	4,560,569	3,058,208	2,407,809	11,705,905

Source: *Labour Force Survey*, Spring 2002.

Table 2.26: Length of course for males and females undergoing job-related education or training¹

Male	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
less than one week	9.3	35.8	48.1	50.9	31.7
more than one week, but less than a month	2.7	6.0	5.8	4.2	4.7
more than one, but less than three months	*	3.7	3.7	*	2.8
more than three months, but less than one year	7.0	9.9	10.8	9.7	9.2
more than one year and ongoing	80.1	44.6	31.6	32.0	51.6
Total Frequency	726,655	893,406	442,209	273,015	2,335,285
Female	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
less than one week	10.1	32.6	41.4	47.1	30.6
more than one week, but less than a month	1.5	3.7	2.8	*	2.8
more than one, but less than three months	2.0	4.2	4.2	5.2	3.7
more than three months, but less than one year	10.8	14.3	13.4	11.7	12.7
more than one year and ongoing	75.5	45.2	38.1	33.2	50.1
Total Frequency	690,626	976,709	569,350	308,944	2,545,629

¹ Unfortunately this variable is only asked of those who had undergone education or training in the last 4 weeks and therefore the total frequencies are not compatible with those from Table 2.36.

Source: *Labour Force Survey*, Spring 2002.

* cell size unreliable as less than 10,000.

Table 2.27: The percentage of employees receiving job related training in the previous 4 weeks, 1992-2002

Age	Spring 1992	Spring 1993	Spring 1995	Spring 1997	Spring 1999	Spring 2000	Spring 2002
16 to 24	24	24	20	23	24	25	25
25 to 39	15	15	16	16	17	17	17
40 to 49	12	13	13	14	15	15	15
50 to 59/64	7	7	8	9	10	10	10

Source: *Labour Force Survey*, Spring 1992 to Spring 2002.

Table 2.28: Age and ethnicity in Great Britain

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
British and Other White	88.7	90.6	92.6	95.9	96.7	92.7
Mixed	1.2	0.7	0.3	0.2	0.1	0.5
Indian	2.5	2.0	2.0	1.2	1.0	1.8
Pakistani	2.1	1.2	1.0	0.5	0.4	1.0
Bangladeshi	0.9	0.5	0.3	0.2	0.2	0.4
Other Asian	0.6	0.8	0.5	0.3	0.1	0.5
Black Caribbean	1.1	1.3	1.2	0.7	0.8	1.0
Black African	1.3	1.3	0.8	0.4	0.3	0.8
Other Black	0.2	0.1	0.1	0.0	0.0	0.1
Chinese	0.6	0.5	0.4	0.2	0.2	0.4
Other	0.8	1.0	0.8	0.5	0.2	0.7
Total Frequency	6,373,257	12,933,191	7,982,837	8,654,649	6,564,310	42,508,244

Source: *Labour Force Survey*, Spring 2002.

Table 2.29: Economic activity status of the household by age of the Household Reference Person¹

Household Economic Activity Status		Age of Household Reference Person					
		16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
All persons in household are employed	Count	426,650	4,547,516	2,766,133	2,494,830	290,041	10,525,170
	% within age group	52.8	70.3	62.7	48.0	7.6	50.8
Household includes employed and unemployed	Count	22,932	154,964	174,170	134,557	*	494,664
	% within age group	2.8	2.4	3.9	2.6	0.2	2.4
Household includes employed and inactive	Count	96,849	927,502	954,360	1,387,321	536,334	3,902,366
	% within age group	12.0	14.3	21.6	26.7	14.0	18.8
Household includes employed, unemployed & inactive	Count	6,290	15,166	61,017	64,198	8,252	154,923
	% within age group	0.8	0.2	1.4	1.2	0.2	0.7
All persons in household are unemployed	Count	41,712	172,023	75,093	66,699	*	360,461
	% within age group	5.2	2.7	1.7	1.3	0.1	1.7
Household includes unemployed and inactive	Count	20,174	64,358	54,926	57,929	40,660	238,047
	% within age group	2.5	1.0	1.2	1.1	1.1	1.1
All persons in household are inactive	Count	193,849	585,661	327,716	992,452	2,938,731	5,038,409
	% within age group	24.0	9.1	7.4	19.1	76.8	24.3
Total Frequency		808,456	6,467,190	4,413,415	5,197,986	3,826,993	20,714,040

Source: *Labour Force Survey*, Spring 2002: Household Dataset.

* cell size unreliable as less than 10,000.

¹ In previous years, the *Head of Household*.

Table 2.30: Types of workless and work-rich households by age of the Household Reference Person

Workless Households	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
singles	39.5	31.4	46.0	47.4	52.8	47.5
couples with no children	3.6	3.3	4.7	39.9	43.8	32.1
couples with dependent and non-dependent children	10.7	16.6	17.1	6.4	1.3	6.3
lone parent with dependent and non-dependent children	46.2	48.4	31.7	6.0	2.0	14.0
2 or more family units with dependent and non-dependent	*	*	*	*	*	*
Total Frequency	255,734	822,042	457,735	1,117,081	2,984,326	5,636,918

Work Rich Households	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
singles	44.3	29.6	23.3	26.7	59.6	28.7
couples with no children	35.4	25.4	16.9	42.4	30.4	27.8
couples with dependent and non-dependent children	9.4	36.1	49.2	25.1	4.5	35.0
lone parent with dependent and non-dependent children	10.9	8.8	10.3	5.4	5.4	8.4
2 or more family units with dependent and non-dependent	*	*	*	0.4	*	*
Total Frequency	426,650	4,547,516	2,766,133	2,494,830	290,041	10,525,170

Source: *Labour Force Survey*, Spring 2002: Household Dataset.

* cell size unreliable as less than 10,000.

Table 2.31: Proportion of households within various gross weekly income bands by age of Household Reference Person¹

Gross Weekly Earnings (£)	16-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
0.00 - 100.00	24.7	8.3	7.3	11.9	15.2	11.0
100.01 - 200.00	15.6	10.2	8.2	11.6	31.2	14.0
200.00 - 300.00	13.9	10.0	7.5	10.4	22.1	11.9
300.01 - 400.00	12.6	11.9	9.9	10.7	11.4	11.1
400.01 - 500.00	12.3	10.2	11.5	11.0	6.4	10.1
500.01 - 700.00	13.1	19.5	17.8	17.1	6.9	16.1
700.01 and over	7.7	29.9	37.6	27.3	6.7	25.7
Total Frequency	996,499	6,692,634	4,024,410	5,032,441	3,476,853	20,222,837

¹ Excludes those who did not answer the income section of the survey for whatever reason: Working Age is 16 to 64.

Source: General Household Survey, 2000/2001.

Table 2.32: Proportion of working age male employees within various gross weekly earnings bands by age¹

Gross Weekly Earnings Full Time	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
0.01- 50.00	2.2	0.7	0.8	1.6	1.1
50.01-100.00	1.7	0.6	0.2	0.3	0.6
100.01-150.00	8.2	1.0	0.3	1.2	1.7
150.01-200.00	19.4	3.8	2.0	4.5	5.4
200.01-250.00	20.4	8.4	6.1	11.9	10.0
250.01-300.00	17.7	10.9	11.4	14.0	12.5
300.01-350.00	11.3	12.2	10.6	13.2	11.9
350.01 or more	19.0	62.4	68.6	53.2	56.9
Total Frequency	1,121,556	4,242,833	2,215,692	1,985,007	9,565,088

¹ Excludes those who did not answer the income section of the survey for whatever reason: Working Age is 16 to 64.

Source: General Household Survey, 2000/2001.

**Table 2.32: Proportion of working age male employees within various gross weekly earnings bands by age¹
continued**

Gross Weekly Earnings Part-Time	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	All Ages
0.01- 50.00	34.0	13.6	*	4.1	19.5
50.01-100.00	35.0	31.6	*	21.4	30.1
100.01-150.00	17.7	25.6	*	25.5	21.0
150.01-200.00	8.4	6.7	*	12.7	10.1
200.01-250.00	0.0	2.1	*	10.0	3.9
250.01-300.00	0.9	7.5	*	5.9	4.5
300.01-350.00	0.9	4.8	*	5.3	3.1
350.01 or more	3.1	8.0	*	15.2	7.8
Total Frequency	329,032	156,358	*	213,130	764,746

¹ Excludes those who did not answer the income section of the survey for whatever reason: Working Age is 16 to 64.

Source: General Household Survey, 2000/2001.

*Cell size unreliable.

Table 2.33: Proportion of working age female employees within various gross weekly earnings bands by age¹

Gross Weekly Earnings Full Time	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
0.01- 50.00	3.1	1.1	1.0	1.7	1.5
50.01-100.00	2.7	0.9	0.7	1.3	1.2
100.01-150.00	11.7	3.4	3.6	5.1	5.0
150.01-200.00	24.0	9.9	13.1	12.9	13.3
200.01-250.00	19.5	12.3	15.5	20.3	15.7
250.01-300.00	17.3	14.6	15.2	16.3	15.5
300.01-350.00	11.4	10.8	11.3	10.6	11.0
350.01 or more	10.2	46.9	39.6	31.7	36.9
Total Frequency	873,267	2,474,964	1,387,119	1,065,464	5,800,814

¹ Excludes those who did not answer the income section of the survey for whatever reason: Working Age is 16 to 59.

Source: General Household Survey, 2000/2001.

Table 2.33: Proportion of working age female employees within various gross weekly earnings bands by age¹
continued

Gross Weekly Earnings Part-Time	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	All Ages
0.01- 50.00	39.0	10.5	10.7	14.6	15.7
50.01-100.00	36.0	29.4	22.7	26.0	27.9
100.01-150.00	19.8	20.8	24.1	27.2	22.9
150.01-200.00	3.1	14.6	15.5	14.2	13.0
200.01-250.00	0.5	10.1	11.2	8.1	8.5
250.01-300.00	1.3	4.3	6.3	3.8	4.3
300.01-350.00	0.4	4.1	3.3	2.8	3.0
350.01 or more		6.2	6.2	3.4	4.7
Total Frequency	633,313	1,553,746	1,120,904	944,607	4,252,570

¹ Excludes those who did not answer the income section of the survey for whatever reason: Working Age is 16 to 59.

Source: General Household Survey, 2000/2001.

Table 2.34: Proportion of males and females within each age group by private¹ pension status

Males	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Member	18.4	59.5	64.5	52.7	12.4	52.9
Not a Member	75.9	27.3	18.0	23.8	44.7	31.0
Not Applicable	5.7	13.2	17.5	23.4	42.9	16.0
Total Frequency	1,906,250	5,740,392	3,265,756	3,435,206	219,421	14,567,025

Females	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Member	21.3	57.6	58.4	51.7	25.6	49.8
Not a Member	76.6	36.4	35.7	37.8	59.4	43.5
Not Applicable	2.2	6.0	5.9	10.5	15.1	6.7
Total Frequency	1,848,329	4,575,333	2,895,471	2,477,781	508,636	12,305,550

¹ Some form of personal or occupational pension coverage. Only asked of those in paid work, excluding unpaid family workers.

Source: General Household Survey, 2000/2001.

Table 2.35: Proportion of males and females within each age group according to personal pension status¹

Male Personal Pension Membership	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Have pension and informant contributes	0.9	12.9	16.8	17.4	6.5	13.1
Have pension and employer contributes	0.7	3.0	3.0	1.9	0.0	2.4
Have pension and both contribute	0.3	3.7	4.4	1.8	0.0	2.9
Have pension, no-one now contributing	1.2	7.7	7.7	6.8	2.0	6.5
No pension now, but previously member of scheme	1.5	9.8	10.8	14.8	33.0	10.4
Never had a personal pension	95.5	62.8	57.1	57.3	58.5	64.4
Don't Know	0.0	0.1	0.2	0.1	0.0	0.1
Total Frequency	1,906,251	5,740,392	3,265,756	3,435,206	219,421	14,567,026
Female Personal Pension Membership	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Have pension and informant contributes	0.3	5.2	5.1	6.7	2.8	4.6
Have pension and employer contributes	0.5	2.6	2.6	1.1	0.4	1.9
Have pension and both contribute	0.5	2.1	1.5	1.2	0.9	1.5
Have pension, no-one now contributing	1.3	6.0	4.2	3.4	1.3	4.1
No pension now, but previously member of scheme	0.6	8.0	8.8	8.4	9.1	7.2
Never had a personal pension	96.6	75.9	77.7	79.0	85.4	80.5
Don't Know	0.2	0.2		0.1		0.1
Total Frequency	1,848,329	4,575,333	2,895,471	2,477,782	508,635	12,305,550

¹ Only asked of those in paid work, excluding unpaid family workers.

Source: General Household Survey, 2000/2001.

Table 2.36: Proportion of males and females within each age group according to occupational pension status¹

Male Occupational Pension Membership	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 64	Aged 65 to 75	All Ages
Pension Scheme Member	17.8	53.9	62.9	56.8	*	50.8
Not in Existing Employer Scheme	34.9	19.7	12.1	16.8	*	19.8
No Existing Employer Scheme	42.2	25.9	24.5	25.3	*	28.1
Employer Scheme Exists, Don't Know if a Member	0.2	0.1	0.1	0.0	*	0.1
Don't Know if Scheme Exists and Not a Member	4.9	0.4	0.4	1.1	*	1.2
Total Frequency	1,815,659	5,008,640	2,701,538	2,647,704	*	12,301,573

¹ Table only includes employees.

*Cell size unreliable.

Source: General Household Survey, 2000/2001.

Table 2.36: Proportion of males and females within each age group according to occupational pension status¹

continued

	Aged 16 to 24	Aged 25 to 39	Aged 40 to 49	Aged 50 to 59	Aged 60 to 75	All Ages
Female Occupational Pension Membership						
Pension Scheme Member	19.9	53.2	55.4	51.5	28.1	47.2
Not in Existing Employer Scheme	36.4	21.3	20.4	21.8	31.6	24.0
No Existing Employer Scheme	39.1	24.7	23.4	25.9	39.7	27.4
Employer Scheme Exists, Don't Know if a Member	0.4	0.2	0.0	0.0	0.0	0.1
Don't Know if Scheme Exists and Not a Member	4.2	0.6	0.8	0.7	0.5	1.2
Total Frequency	1,810,161	4,308,185	2,723,932	2,223,194	431,968	11,497,440

¹ Table only includes employees.

Source: General Household Survey, 2000/2001.

Table 2.37: Views of individuals from various age groups on what they consider to be their main source of income on retirement

Planned Retirement Income	18-24 years	25-39 years	40-49 years	50-59/64 years	All Ages
State Retirement Pension	13.6	19.6	27.9	32.5	24.3
Occupational Pension	24.3	33.9	39.2	30.0	33.0
Personal Pension	44.2	34.5	20.7	15.8	27.5
Other Savings or Investments	11.3	8.1	8.1	6.8	8.1
Other	0.3	0.8	0.7	0.4	0.6
Earnings From Employment, as Plan to Continue Working		0.1	0.5	0.1	0.2
Don't know	6.0	2.3	2.0	1.6	2.5
None Response	0.3	0.6	0.5	0.6	0.6
Early Retired			0.3	12.0	3.3
Total Frequency	301	967	594	676	2538

Source: British Social Attitudes Survey, 2001.

Table 2.38: Response of individuals from various age groups to the question: how often do you think that employers in Britain refuse a job to an applicant only because he or she is aged over 50?

Response	18-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
A lot	45.5	49.3	61.5	67.8	67.7	58.8
Sometimes	46.8	43.5	35.2	28.1	25.3	35.5
Hardly ever	3.8	2.4	0.6	1.9	1.4	1.9
Can't choose	3.2	4.1	2.5	1.5	4.9	3.2
Not answered	0.6	0.7	0.3	0.7	0.7	0.6
Total Frequency	156	542	358	413	288	1757

Source: British Social Attitudes Survey, 2001.

Table 2.39: Response of individuals from various age groups to the question: do you think it is right to refuse a job applicant simply because they are aged over 50?

Response	18-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
Always right	1.3	0.2	0.6	0.7	1.4	0.7
Usually right	3.8	3.1	3.1	2.9	1.4	2.8
Neither right nor wrong	25.0	13.1	9.2	9.5	11.5	12.2
Usually wrong	43.6	48.9	48.3	50.5	47.2	48.4
Always wrong	21.8	28.6	35.5	34.5	33.0	31.5
Can't choose	3.8	5.4	3.1	1.5	4.9	3.8
Not answered	0.6	0.7	0.3	0.5	0.7	0.6
Total Frequency	156	542	358	412	288	1756

Source: British Social Attitudes Survey, 2001.

Table 2.40: Response of individuals from various age groups to the question: do you think it is wrong to make people retire simply because of their age?

Response	18-24 years	25-39 years	40-49 years	50-59/64 years	60/65-75 years	All Ages
Yes	69.8	71.7	64.1	66.5	67.1	68.1
No, the old must retire to make way for young	28.1	26.0	33.5	30.0	31.3	29.4
Don't know	1.6	2.2	2.3	3.5	1.6	2.3
Not answered	0.5	0.1	0.2			0.1
Total Frequency	367	997	612	653	565	3194

Source: British Social Attitudes Survey, 2000.

Table 3.1: Proportion of employees aged 20 or less and greater than 50 by the size of the firm¹

	Proportion of Employees at Workplace Aged 20 or less					
Number of employees at workplace	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	Total Frequency (weighted)
10-19	59.2	0.0	10.5	13.3	17.1	791
20-24	40.3	16.1	9.4	15.1	19.1	298
25-49	40.1	21.0	14.5	12.6	11.7	571
50-249	29.3	34.6	14.8	10.9	10.4	433
250-499	16.1	51.8	10.7	10.7	10.7	56
500 or more	7.1	75.0	10.7	3.6	3.6	28
All Firms	43.9	16.9	12.3	12.7	14.3	2177
	Proportion of Employees at Workplace Older than 50					
Number of employees at workplace	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	Total Frequency (weighted)
10-19	19.2	0.0	16.6	28.6	35.7	791
20-24	18.2	11.1	21.5	25.3	23.9	297
25-49	12.8	14.2	14.7	29.6	28.7	571
50-249	3.7	14.6	19.4	33.1	29.2	432
250-499	1.8	12.7	20.0	36.4	29.1	55
500 or more	0.0	7.1	21.4	35.7	35.7	28
All Firms	13.6	8.6	17.5	29.6	30.8	2174

¹ Percentages are given as a proportion of the number of employees at workplace: row percentages.

Source: The Workplace Employee Relations Survey, 1998.

Table 3.2: Proportion of employees aged 20 or less and greater than 50 by industry sector of the firm

SIC92 Industry Sector	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
Manufacturing	30.7	32.8	22.3	12.5	1.7	287
Electricity, gas and water	60.0	40.0	0.0	0.0	0.0	5
Construction	42.4	19.6	15.2	20.7	2.2	92
Wholesale and retail	17.7	16.0	14.5	15.3	36.6	413
Hotels and restaurants	15.9	2.4	7.6	22.4	51.8	170
Transport and communication	54.6	28.9	9.3	6.2	1.0	97
Financial services	55.1	15.9	18.8	10.1	0.0	69
Other business services	61.0	11.4	9.8	12.2	5.7	246
Public administration	65.0	24.0	4.0	7.0	0.0	100
Education	78.1	13.1	3.9	2.5	2.5	283
Health	50.0	14.8	14.1	13.5	7.6	304
Other community services	41.1	9.8	10.7	20.5	17.9	112
All Firms	43.8	16.9	12.3	12.7	14.3	2178

Source: The Workplace Employee Relations Survey, 1998.

Table 3.2: Proportion of employees aged 20 or less and greater than 50 by industry sector of the firm, continued

SIC92 Industry Sector	Proportion of Employees at Workplace Older than 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
Manufacturing	6.3	4.9	18.2	27.3	43.4	286
Electricity, gas and water	0.0	0.0	25.0	25.0	50.0	4
Construction	4.3	16.3	9.8	40.2	29.3	92
Wholesale and retail	19.8	6.3	28.4	26.7	18.8	415
Hotels and restaurants	37.3	10.7	16.0	16.6	19.5	169
Transport and communication	7.1	8.1	15.2	38.4	31.3	99
Financial services	26.9	23.9	14.9	19.4	14.9	67
Other business services	21.5	11.4	18.7	20.7	27.6	246
Public administration	14.9	9.9	22.8	23.8	28.7	101
Education	7.8	7.8	13.8	38.2	32.5	283
Health	1.3	5.2	9.5	41.0	43.0	305
Other community services	9.0	11.7	11.7	26.1	41.4	111
All Firms	13.6	8.5	17.5	29.5	30.8	2178

Source: The Workplace Employee Relations Survey, 1998.

Table 3.3: Proportion of employees aged 20 or less and greater than 50 by the age of the firm

Age of Establishment	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
less than 5 years	26.6	15.1	8.5	11.6	38.2	199
5 years to less than 10 years	45.6	12.1	12.1	15.4	14.8	371
10 years to less than 25 years	44.1	15.4	13.8	15.4	11.3	768
25 years to less than 50 years	48.6	18.7	14.3	9.7	8.6	475
More than 50 years	46.0	24.3	7.7	8.9	13.1	337
All Firms	44.0	16.9	12.2	12.7	14.1	2150

Age of Establishment	Proportion of Employees at Workplace Older than 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
less than 5 years	41.0	11.5	19.5	16.5	11.5	200
5 years to less than 10 years	14.3	6.5	27.3	30.5	21.4	370
10 years to less than 25 years	11.2	9.7	18.1	28.2	32.9	770
25 years to less than 50 years	5.0	8.8	10.9	36.3	38.9	476
More than 50 years	11.9	6.0	13.4	31.3	37.5	336
All Firms	13.2	8.6	17.5	29.8	30.9	2152

Source: The Workplace Employee Relations Survey, 1998.

Table 3.4: Proportion of employees aged 20 or less and greater than 50 by union membership within the firm

Proportion of employees at workplace who are members of a union	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
less than 10%	31.5	12.2	16.0	18.8	21.4	1265
10 to less than 25%	28.6	32.5	13.5	8.7	16.7	126
25 to less than 50%	63.2	25.6	6.3	3.1	1.8	223
50% or higher	69.6	19.2	5.7	3.0	2.5	526
All Firms	44.0	16.5	12.3	12.7	14.4	2140

Proportion of employees at workplace who are members of a union	Proportion of Employees at Workplace Aged Over 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
less than 10%	16.4	9.7	18.7	28.3	27.0	1264
10 to less than 25%	11.0	3.1	12.6	37.0	36.2	126
25 to less than 50%	10.8	7.6	8.1	34.5	39.0	223
50% or higher	9.1	7.6	20.0	28.9	34.4	526
All Firms	13.7	8.6	17.5	29.6	30.6	2140

Source: The Workplace Employee Relations Survey, 1998.

Table 3.5: Proportion of employees aged 20 or less and greater than 50 by ownership of the firm

Type of Ownership	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
UK owned/controlled	32.2	15.7	15.1	17.1	20.0	1392
Predominantly UK owned (51% or more)	61.3	10.7	5.3	5.3	17.3	75
50/50 UK and foreign ownership	48.0	8.0	12.0	0.0	32.0	25
Predominantly foreign owned (51% or more)	36.2	14.9	10.6	25.5	12.8	47
Foreign owned/controlled	41.8	30.8	19.8	5.5	2.2	91
All Firms	34.4	16.1	14.7	15.9	18.8	1630

Type of Ownership	Proportion of Employees at Workplace Older than 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
UK owned/controlled	14.5	8.1	18.3	29.8	29.3	1391
Predominantly UK owned (51% or more)	12.0	5.3	29.3	17.3	36.0	75
50/50 UK and foreign ownership	70.8	0.0	16.7	8.3	4.2	24
Predominantly foreign owned (51% or more)	26.1	17.4	4.3	15.2	37.0	46
Foreign owned/controlled	12.0	15.2	20.7	32.6	19.6	92
All Firms	15.4	8.5	18.5	28.7	28.9	1628

Source: The Workplace Employee Relations Survey, 1998.

Table 3.6: Proportion of employees aged 20 or less and greater than 50 and whether management respondent believes staff are 'committed'

Employees here are fully committed to the values of this organisation?	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
Strongly agree	61.0	12.3	6.5	13.1	7.1	382
Agree	40.6	17.7	14.7	12.1	14.9	1191
Neither agree nor disagree	38.1	15.8	13.7	15.1	17.4	438
Disagree	39.9	25.9	4.2	9.8	20.3	143
Strongly disagree	72.7	13.6	4.5	4.5	4.5	22
All Firms	44.0	16.9	12.3	12.6	14.2	2176

Employees here are fully committed to the values of this organisation?	Proportion of Employees at Workplace Older than 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
Strongly agree	12.3	7.6	13.4	30.4	36.4	382
Agree	11.9	9.2	16.3	31.9	30.7	1191
Neither agree nor disagree	17.2	8.9	21.5	24.7	27.7	437
Disagree	17.4	6.9	27.1	21.5	27.1	144
Strongly disagree	30.4		13.0	39.1	17.4	23
All Firms	13.6	8.6	17.5	29.6	30.7	2177

Source: The Workplace Employee Relations Survey, 1998.

Table 3.7: Proportion of employees aged 20 or less and greater than 50 and the remit of supervisors within the firm

Does Recruitment or selection of employees form part of the job of supervisor at the workplace?	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
No	45.2	13.3	10.8	13.5	17.2	1394
Yes	41.6	23.2	14.8	11.2	9.1	783
All Firms	43.9	16.9	12.3	12.7	14.3	2177
Does Equal Opportunities form part of the job of supervisor at the workplace?						
No	45.3	15.1	11.8	12.5	15.3	1460
Yes	41.1	20.7	13.3	12.8	12.2	716
All Firms	43.9	16.9	12.3	12.6	14.2	2176
Does Recruitment or selection of employees form part of the job of supervisor at the workplace?	Proportion of Employees at Workplace Older than 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
No	14.5	7.6	18.1	29.3	30.4	1394
Yes	11.9	10.3	16.3	30.0	31.5	780
All Firms	13.6	8.6	17.5	29.6	30.8	2174
Does Equal Opportunities form part of the job of supervisor at the workplace?						
No	13.2	8.8	17.1	29.3	31.7	1462
Yes	14.4	8.1	18.3	30.1	29.0	714
All Firms	13.6	8.5	17.5	29.5	30.8	2176

Source: The Workplace Employee Relations Survey, 1998.

Table 3.8: Proportion of employees aged 20 or less and greater than 50 and the state of the market

Which of these statements best describes the current state of the market for the main product or service in which you operate?	Proportion of Employees at Workplace Aged 20 or Less					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
The market is growing	30.5	18.7	14.2	17.1	19.5	754
The market is mature	50.9	21.9	5.3	13.4	8.4	320
The market is declining	50.0	10.6	12.5	10.2	16.7	216
The market is turbulent	35.2	16.6	17.2	15.8	15.2	355
All Firms	38.1	17.8	12.9	15.2	16.0	1645

Which of these statements best describes the current state of the market for the main product or service in which you operate?	Proportion of Employees at Workplace Aged Over 50					Total Frequency (weighted)
	None	0.1 to 4.9%	5 to 9.9%	10 to 19.9%	20% or more	
The market is growing	16.6	9.9	21.6	23.7	28.2	755
The market is mature	5.9	11.2	14.6	27.4	40.8	321
The market is declining	17.3	4.7	16.4	31.3	30.4	214
The market is turbulent	17.0	7.1	17.0	38.2	20.7	353
All Firms	14.7	8.9	18.6	28.5	29.3	1643

Source: The Workplace Employee Relations Survey, 1998.

Table 3.9: Aspects of age and the personnel policies of firms

Proportion of Managers who Report that the Following Characteristic is an Important Consideration When Recruiting New Employees	Percentage	Total Frequency (weighted)
Age	21	447
Qualifications	66	1449
Experience	89	1956
Proportion of Managers who Report that They Have Special Procedures ¹ in Place to Encourage Applications From Older Individuals	6	136
Proportion of Firms that Have a Formal Written Policy on Equal Opportunities	67	1461
Proportion of Firms that Have a Formal Written Policy on Equal Opportunities Which Tackles Issues of Age	41	880
Proportion of Firms That Alert Individuals to Their Equal Opportunities Policies During the Applications Process	2	37

¹Special procedures' refers to policies or practices designed to encourage and / or give preference to applicants from groups of people who are disadvantaged within the labour market.

Source: The Workplace Employee Relations Survey, 1998.

Table 3.10: Percentage of organisations within various industrial sectors providing pensions in 2000

Industry Sector (Row Percentages)	Base	Non-Providers	Providers			
			Occupational	GPP	PPs	Any
Agriculture and Fishing	27	[73]	[3]	[7]	[24]	[27]
Energy and Water	20	[69]	[4]	[4]	[25]	[31]
Manufacturing	460	46	9	27	27	54
Construction	107	63	10	7	20	37
Retail Distribution, Hotels and Catering	480	75	3	9	16	25
Transport and Communications	91	88	1	9	3	12
Banking, Finance and Business Services	438	73	10	5	19	27
Public Admin, Education and Health	235	71	15	11	9	29
Other Services	119	87	1	7	7	13
All Sectors	1977	71	7	9	17	29

Figures in brackets have less than 50 cases.

Source: Reproduced from, *Employers' Pension Provision*, 2000: page 24.

Table 3.11: Incidence and type of pension provision among employees in private-sector organisations by size of organisation

Type of Pension Provision (Column Percentages of employees*)	Size of Organisation (Number of Employees)		All Firms
	2 to 19	20 or more	
Occupational Scheme (any type)	7	63	53
Salary-related	3	53	39
Money purchase ¹	2	21	16
COMBS ²	1	8	6
Top Hat ³	4	13	10
Other	0	2	2
Closed Scheme ⁴	2	12	9
GPP	10	35	28
Contributions to Personal Pensions	16	20	19
Any Provision	30	89	72
No Provision	70	11	28
Weighted Base (all)	555	1422	1977
Unweighted Base (all)	566	1411	1977

* Companies can have more than one scheme.

¹ Schemes where benefits accruing depend on money paid in and returns to investment.

² Contracted-out Mixed Benefit Schemes.

³ Set up for, or currently only available to, senior management.

⁴ Schemes that do not admit new members, but still accept contributions from existing members.

Source: Reproduced from, *Employers' Pension Provision*, 2000: page 26.

Table 3.12: All reasons¹ for non-provision of pensions by size of organisation

Reasons for Non-Provision (Column Percentages)	2 to 19	20 or more	All Firms
Organisation is too small	36	17	31
It is too expensive / cannot afford it at the moment	27	29	27
Staff don't want pension / staff have never asked for pension	19	14	18
It is not company policy	13	20	15
Mainly part-time or temporary staff employed at establishment	12	13	12
It is the responsibility of employees, not the employer	9	6	8
Staff turnover is too high	3	12	6
Organisation has only recently been established	4	4	4
Family business only	3	1	2
Pensions are too complicated / too much administration	1	4	2
Other	16	20	17
Weighted Bases (non-providers)	390	160	551
Unweighted Bases (non-providers)	393	265	658

¹ Employers can cite multiple reasons and therefore column percentages do not add to 100.

Source: Adapted from, *Employers' Pension Provision*, 2000: page 30.

Table 3.13: Pensions provision by size of organisation, 1996, 1998 and 2000

Type of Pension Provision (Column Percentages of firms)	1996		1998		2000	
	2 to 19	20 or more	2 to 19	20 or more	2 to 19	20 or more
Occupational Scheme (any type)	N/A	N/A	N/A	N/A	5	22
Salary-related	3	19	2	13	1	12
Money purchase ¹	2	13	3	10	2	9
COMBS ²	-	-	0	1	*	1
Top Hat ³	6	8	3	10	3	6
Other	0	0	0	*	0	1
Closed Scheme ⁴	1	6	1	5	2	5
GPP	6	19	4	26	7	37
Contributions to Personal Pensions	20	27	21	30	16	23
Any Provision	36	70	32	66	26	64
No Provision	64	30	68	34	74	36
Weighted Base (all)	927	71	1838	123	1823	154
Unweighted Base (all)	668	1179	635	1326	566	1411

* Less than 0.5 per cent.

N/A: Information not available from published reports.

COMBS not available until April 1997.

Source: Reproduced from, *Employers' Pension Provision*, 2000: page 49.

Table 3.14: Anticipated changes to pension provision by current type of provision

Responses (Column Percentages)	Has This Organisation Ever Seriously Considered:					
	Moving to a Group Personal Pension Arrangement ¹ ?			Contributing to Employee Personal Pension Plans to Replace Current Provision ² ?		
	Current Pension Provision			Current Pension Provision		
	Occupational Scheme Only	PP Only	Occupational and PP	Occupational Scheme Only	GPP Only	Occupational and GPP
Yes	11	5	2	54	9	13
No	84	91	97	45	87	85
Don't Know	4	4	1	1	4	2
Weighted Base	84	222	32	84	132	98
Unweighted Base	434	179	56	434	345	106

¹ In this instance, Base is organisations with some pension provision but not a GPP.

² In this instance, Base is organisations with some pension provision but who were not contributing to employees' personal pension plans.

Source: Reproduced from, *Employers' Pension Provision*, 2000: page 56.

Table 3.15: Normal pension ages of occupational schemes by type of scheme

Normal Pension Age (Column Percentages)	Type of Occupational Scheme					
	Salary-related	Open schemes	Money purchase	Other	Closed schemes	All Firms
Men						
50-55	4	1		[2]	2	2
56-59	0	0		[0]	*	*
60	36	31		[34]	81	53
61-64	2	2		[0]	*	1
65	58	66		[65]	17	43
66-69	*	0		[0]	0	*
Women						
50-55	4	1		[2]	2	2
56-59	0	0		[0]	*	*
60	47	56		[7]	84	64
61-64	2	3		[27]	1	2
65	47	40		[65]	13	31
66-69	*	0		[0]	0	*
Percentage with equal pension ages for men and women	89	73		[67]	95	87
Weighted Base	216	159		6	267	648
Unweighted Base	463	208		24	154	849

Base is open and closed (but not frozen) occupational schemes

* Less than 0.5 per cent and figures in brackets have an unweighted base of less than 50 cases.

Source: Reproduced from, Employers' Pension Provision, 2000: page 76.

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